

2009

Checklists and illustrative financial statements : Life and Health insurance entities, September 2009 edition

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CHECKLISTS & ILLUSTRATIVE FINANCIAL STATEMENTS

Life and Health Insurance Entities

SEPTEMBER 2009



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Checklists and Illustrative Financial Statements for Life and Health Insurance Entities has not been approved, disapproved, or otherwise acted upon by any senior technical committees of the American Institute of Certified Public Accountants or the Financial Accounting Standards Board and has no official or authoritative status.

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FSP Section 20,000

Checklists and Illustrative Financial Statements for Life and Health Insurance Entities

Letter to Customers

Dear Valued Customer,

The following checklists and illustrative materials have been developed by the AICPA Accounting and Auditing Publications Staff to serve as nonauthoritative practice aids for use by preparers of financial statements and by practitioners who audit, review, or compile financial statements. The auditor's and accountant's report checklists address those requirements most likely to be encountered when reporting on financial statements of a commercial corporation prepared in conformity with U.S. generally accepted accounting principles.

Relevant financial statement reporting and disclosure guidance issued through September 30, 2009, has been considered in the development of this edition of the checklist. The accounting guidance in this checklist has been conformed to reflect reference to FASB *Accounting Standards Codification*[™] as it existed on September 30, 2009.

Any guidance issued subsequent to September 30, 2009, has not been included in this checklist; therefore, if your entity has a fiscal year-end after September 30, 2009, you need to consider the applicability of such guidance. In determining the applicability of newly issued guidance, its effective date also should be considered.

Recognizing that many entities have December 31 year-ends and in an effort to assist those users, this checklist includes guidance issued through September 30, 2009, which may become effective by December 31, 2009. This guidance is discussed in each section of the checklist when applicable. Additional questions appear and are indicated with an "A" or "B" reference. As determined by the effective date or early implementation decision

- entities for which this guidance has not been implemented should consider all questions with an "A" reference (for example, question 1A, question 2A, and so on) and should place an "N/A" mark by questions with a "B" reference.
- entities for which this guidance has been implemented should consider all questions with a "B" reference (for example, question 1B, question 2B, and so on) and should place an "N/A" mark by questions with an "A" reference.

Therefore, based upon the year-end of the entities and the decision to early implement (if allowed), the appropriate additional questions should be answered when provided.

We hope you find this checklist helpful as you perform your audit and compilation and review engagements. We would greatly appreciate your feedback on this checklist. You may e-mail these comments to A&APublications@aicpa.org or write to

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Introduction

.01 The function of insurance is to pool the risks of many persons who are exposed to similar risks. For a payment known as a *premium*, insurance companies undertake to relieve the policyholder of all or part of a risk and to spread the total cost of similar risks among large groups of policyholders. One of the primary purposes of life insurance is to provide financial assistance to named beneficiaries at the time of the death of the insured. The long-term nature of the coverage involving the risk of death—a risk that increases with age—is the distinguishing characteristic that sets life insurance apart from other forms of insurance. Traditionally, life insurance entities provided life and health products to protect against the loss of financial stability resulting from premature death or illness and provided annuity products to protect against the risk of outliving one's financial resources. The primary emphasis was on meeting the customer's insurance needs. The provisions of AICPA Audit and Accounting Guide *Life and Health Insurance Entities* (2009) (product no. 012639kk) apply to all life and health insurance entities including stock, mutual, fraternal, and assessment entities.

.02 The National Association of Insurance Commissioners (NAIC) codified statutory accounting practices for certain insurance enterprises, resulting in a revised *Accounting Practices and Procedures Manual*. The insurance laws and regulations of the states require insurance companies domiciled in the states to comply with the guidance provided in the NAIC *Accounting Practices and Procedures Manual* except as prescribed or permitted by state law.

.03 Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 944-505-50-3 requires insurance entities to disclose, at the date each balance sheet is presented, a description of the prescribed or permitted statutory accounting practice and the related monetary effect on statutory surplus of using an accounting practice that differs from either state prescribed statutory accounting practices or NAIC statutory accounting practices.

.04 As discussed in FASB ASC 944-505-50-2, those disclosures should be made if (a) state prescribed statutory accounting practices differ from NAIC statutory accounting practices or (b) permitted state statutory accounting practices differ from either state prescribed statutory accounting practices or NAIC statutory accounting practices, and the use of prescribed or permitted statutory accounting practices (individually or in the aggregate) results in reported statutory surplus or risk-based capital that is significantly different from the statutory surplus or risk-based capital that would have been reported had NAIC statutory accounting practices been followed.

.05 According to paragraphs 4–6 of FASB ASC 944-505-50, those disclosures should be applied by a U.S. insurance entity, a U.S. entity with a U.S. insurance subsidiary, or a foreign entity with a U.S. insurance subsidiary if the entity prepares U.S. generally accepted accounting principles (GAAP) financial statements. If a foreign insurance entity that does not have a U.S. insurance subsidiary prepares U.S. GAAP financial statements or is included in its parent's consolidated U.S. GAAP financial statements, the notes to the financial statements should disclose permitted regulatory accounting practices that significantly differ from the prescribed regulatory accounting practices of its respective regulatory authority and their monetary effects. If an insurance entity's risk-based capital would have triggered a regulatory event had it not used a permitted practice, that fact should be disclosed in the financial statements.

General

.06 This publication includes the following information:

- Financial Statements and Notes Checklist (FSP section 20,100)—For use by preparers of financial statements and by auditors as they evaluate the adequacy of disclosures
- Auditors' Reports Checklist (FSP section 20,200)—For use by auditors in reporting on audited financial statements

- Supplemental Information for Life Insurance Entities That are Securities and Exchange Commission Registrants (FSP section 20,300)
- Illustrative Financial Statements (FSP section 20,400)

.07 This checklist is intended to be used in connection with engagements of nonpublic entities and is not intended to be used in connection with audits of public entities that are required to be audited under standards established by the Public Accounting Oversight Board (PCAOB).

.08 These checklists and illustrative materials have been developed by the AICPA Accounting and Auditing Publications Staff to serve as nonauthoritative practice aids for use by preparers of financial statements and by practitioners who audit them. The auditor's report checklist addresses those requirements most likely to be encountered when reporting on financial statements of a life and health insurance entity prepared in conformity with U.S. GAAP. They do not include reporting requirements relating to other matters such as internal control or agreed-upon procedures. The financial statement and notes checklist includes disclosure considerations applicable to life and health insurance entities in preparing financial statements in conformity with U.S. GAAP. It does not include disclosures prescribed by guidance whose applicability to life and health insurance entities is considered to be remote.

.09 Users of the financial statements and notes checklist should remember that it is a disclosure checklist only and not a comprehensive U.S. GAAP application or measurement checklist. Accordingly, application and measurement issues related to preparing financial statements in conformity with U.S. GAAP are not included in the checklist.

.10 The checklists and illustrative financial statements should be used by, or under the supervision of, persons having adequate technical training and proficiency in the application of U.S. GAAP, generally accepted auditing standards, and other relevant technical guidance.

.11 In some cases, this checklist uses the term *Common Practice* or provides additional practice tips to describe a disclosure item. In such cases, although there is no authoritative guidance to support such a disclosure for nonpublic entities, it has become a common practice (sometimes due to Securities and Exchange Commission [SEC] requirements) that such disclosures are made. Entities should evaluate whether such items warrant disclosure in their financial statements.

.12 Relevant financial statement reporting and disclosure guidance issued through September 30, 2009, has been considered in the development of this edition of the checklist. This includes relevant guidance issued up to and including the following:

- FASB Accounting Standards Updates issued through September 30, 2009
- Statement on Auditing Standards No. 116, *Interim Financial Information* (AICPA, *Professional Standards*, vol. 1, AU sec. 722)
- Interpretation No. 19, "Financial Statements Prepared in Conformity With International Financial Reporting Standards as Issued by the International Accounting Standards Board," of AU section 508, *Reports on Audited Financial Statements* (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .93–.97)
- Statement of Position (SOP) 09-1, *Performing Agreed-Upon Procedures Engagements That Address the Completeness, Accuracy, or Consistency of XBRL-Tagged Data* (AICPA, *Technical Practice Aids*, AUD sec. 14,440)
- Statements on Standards for Attestation Engagements No. 15, *An Examination of an Entity's Internal Control Over Financial Reporting That Is Integrated With an Audit of Its Financial Statements* (AICPA, *Professional Standards*, vol. 1, AT sec. 501)
- Interpretation No. 7, "Reporting on the Design of Internal Control," of AT section 101, *Attest Engagements* (AICPA, *Professional Standards*, vol. 1, AT sec. 9101 par. .59–.69)
- PCAOB Auditing Standard No. 6, *Evaluating Consistency of Financial Statements* (AICPA, *PCAOB Standards and Related Rules*, Auditing Standards)

.13 Any guidance issued subsequent to September 30, 2009, has not been included in this checklist; therefore, if your entity has a fiscal year-end after September 30, 2009, you need to consider the applicability of such guidance. In determining the applicability of newly issued guidance, its effective date should also be considered.

.14 Recognizing that many entities have December 31 year-ends and in an effort to assist those users, questions are also included in this checklist if the guidance was issued on or before September 30, 2009, and will become effective for entities with fiscal year-ends on or before December 31, 2009.

.15 Because such questions may not be applicable for September 30, 2009, year-ends, they are separately identified with an "A" or "B" designation in the checklist (for example, question 1A and question 1B). Throughout the checklist information is presented to assist entities in making decisions, based on a consideration of the effective date of the guidance or early implementation decision made by the entity, as to which questions are applicable, ensuring that the appropriate additional questions are answered when provided.

.16 Users with September 30, 2009, fiscal year-ends should consider questions designated "A" and place an "N/A" mark in questions designated "B." Users with fiscal years-end after September 30, 2009, must consider the effective date of the pronouncement. If applicable, users should answer questions designated "B" and should place an "N/A" mark in questions designated "A." If not applicable, questions designated "A" should be answered and an "N/A" mark should be used for questions designated "B."

.17 These checklists contain numerous references to accounting and auditing guidance. Abbreviations and acronyms used in such references include the following:

FASB ASC=	Reference to a topic, subtopic, section, or paragraph in Financial Accounting Standards Board <i>Accounting Standards Codification</i> [™]
AAG-LHI=	Reference to AICPA Audit and Accounting Guide <i>Life and Health Insurance Entities</i> (2009)
AU=	Reference to a section number in AICPA <i>Professional Standards</i> for U.S. Auditing Standards that are applicable to nonissuers
AUD=	Reference to a section number in AICPA <i>Technical Practice Aids</i> , Statements of Position—Auditing and Attestation
PCAOB AU=	Reference to a section number in AICPA <i>PCAOB Standards and Related Rules</i> for interim auditing standards, as amended, of the PCAOB that are applicable to issuers
SOP=	AICPA Statement of Position

.18 The accounting guidance in this checklist has been conformed to reflect reference to FASB ASC as it existed on September 30, 2009.

.19 On June 30, 2009, FASB issued FASB Statement No. 168, *The FASB Accounting Standards Codification*[™] and the *Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162*, which is codified at FASB ASC 105, *Generally Accepted Accounting Principles*. On the effective date of this statement, FASB ASC is the authoritative source of U.S. accounting and reporting standards for nongovernmental entities, in addition to guidance issued by the SEC. At that time, FASB ASC supersedes all then-existing, non-SEC accounting and reporting standards for nongovernmental entities. Once effective, all other nongrandfathered, non-SEC accounting literature not included in FASB ASC is nonauthoritative. This statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. See the FASB Web site at www.fasb.org for further information.

Instructions

.20 Within these checklists are a number of questions or statements that are accompanied by references to applicable authoritative guidance. The financial statements and notes checklist is organized into seven discrete sections. Disclosures listed in the "General," "Balance Sheet," "Income Statement," "Statement of Cash Flows," "Interim Financial Statements," and "Summary of Significant Accounting Policies" sections are com-

mon to most life and health insurance entities. Those listed in the "Other Financial Statement Disclosures" section are required when circumstances dictate.

.21 The checklists provide spaces for checking off or initialing each question or point to indicate that it has been considered. Carefully review the topics listed and consider whether they represent potential disclosure items for the reporting entity for which you are preparing or auditing financial statements. Users should check or initial

- *Yes*—If the disclosure is required and has been made appropriately.
- *No*—If the disclosure is required but has not been made.
- *N/A (Not Applicable)*—If the disclosure is not applicable to the organization.

.22 It is important that the effect of any "No" response be considered on the auditor's or accountant's report. For audited financial statements, a "No" response that is material to the financial statements may warrant a departure from an unqualified opinion as discussed in paragraphs .20–.64 of AU section 508. If a "No" response is indicated, the authors recommend that a notation be made in the margin to explain why the disclosure was not made (for example, because the item was not considered to be material to the financial statements).

.23 Users may find it helpful to use the right margin for certain other remarks and comments as appropriate, including the following:

- a. For each disclosure for which a "Yes" is indicated, a notation as to where the disclosure is located in the financial statements and a cross-reference to applicable working papers where the support to a disclosure may be found
- b. For items marked as "N/A," the reasons for which they do not apply in the circumstances of the particular report
- c. For each disclosure for which a "No" response is indicated, a notation as to why the disclosure was not made (for example, because the item was not considered to be material to the financial statements)

.24 Recognizing that many entities have December 31 year-ends and in an effort to assist those users, this checklist includes guidance issued through September 30, 2009, which may become effective by December 31, 2009. This guidance is discussed in each section of the checklist where applicable. Additional questions appear and are indicated with an "A" or "B" reference. As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in question indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entities year-end and decision to early implement or not (if allowed), the appropriate additional questions should be answered when provided.

.25 These checklists and illustrative materials have been prepared by the AICPA staff. They have not been reviewed, approved, disapproved, or otherwise acted on by any senior technical committee of the AICPA and do not represent official positions or pronouncements of the AICPA.

.26 The use of these or any other checklists requires the exercise of individual professional judgment. These checklists are not substitutes for the original authoritative guidance. Users of these checklists and illustrative materials should refer directly to applicable authoritative guidance when appropriate. The checklists and illustrative materials may not include all disclosures and presentation items promulgated, nor do they represent minimum standards or requirements. Additionally, users of the checklists and illustrative materials should tailor them as required to meet specific circumstances. As an additional resource, users may call the AICPA Technical Hotline at (877) 242-7212.

Recognition

.27 The AICPA gratefully appreciates the invaluable assistance Michele Adams provided in updating and maintaining the guidance in this checklist.

.28 We hope you find this checklist helpful as you perform your audit engagement. We would greatly appreciate your feedback on this checklist. You may e-mail these comments to killuzzi@aicpa.org or write to

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FSP Section 20,100

Financial Statements and Notes Checklist

.01 Checklist Questionnaire. This financial statement disclosure checklist is organized into sections. Carefully review the topics listed and consider whether they represent potential disclosure items for the entity for which you are preparing or auditing financial statements. Place a check mark by the topics or sections that are applicable and complete those sections of the checklist. Other sections may be marked “N/A” or left blank. For example, if the entity had a change in accounting principle, place a check mark by the section “Accounting Changes” and complete that section of the checklist. On the other hand, if the entity did not have a change in accounting principle, do not place a check mark by “Accounting Changes” and skip that section when completing the checklist.

	<u>Place ✓ by Sections Applicable</u>
I. General	
A. Titles and References	_____
B. Comparative Financial Statements	_____
C. Consolidated Financial Statements	_____
D. Risks and Uncertainties	_____
II. Balance Sheet	
A. General	_____
B. Cash	_____
C. Investments in Debt and Equity Securities	_____
D. Receivables	_____
E. Reinsurance Receivables	_____
F. Deposit Accounting	_____
G. Investments Accounted for by the Equity Method	_____
H. Property and Equipment	_____
I. Deferred Income Tax Assets and Liabilities	_____
J. Other Assets and Deferred Charges	_____
K. Intangible Assets and Goodwill	_____
L. Separate Account Assets	_____
M. Deferred Acquisition Costs	_____
N. Policy Liabilities	_____
O. Current Liabilities	_____
P. Notes Payable and Other Debt	_____
Q. Shareholders' Equity	_____
R. Changes in Shareholders' Equity	_____
III. Income Statement	
A. Revenue and Expenses	_____
B. Income Taxes	_____
C. Extraordinary Items	_____
D. Earnings Per Share	_____
E. Comprehensive Income	_____
IV. Statement of Cash Flows	
V. Summary of Significant Accounting Policies	
A. Accounting Policies	_____
B. Certain Significant Estimates	_____
VI. Interim Reporting	_____

*Place ✓ by
Sections Applicable*

VII.	Other Financial Statement Disclosures	
A.	Business Combinations	_____
A1.	Business Combinations (Subject to FASB Statement No. 141(R))	_____
B.	Accounting Changes and Error Corrections	_____
C.	Commitments and Contingencies (See also part I, "Guarantees")	_____
D.	Current Vulnerability Due to Certain Concentrations	_____
E.	Employee Stock Ownership Plans	_____
F.	Employers' Disclosures for Defined Benefit Pension and Other Postretirement Plans	_____
G.	Environmental Remediation Liabilities	_____
H.	Financial Instruments	_____
I.	Guarantees	_____
J.	Foreign Currency Matters	_____
K.	Long-Lived Assets and Disposal Groups to Be Disposed Of	_____
L.	Impaired Loans	_____
M.	Impairment of Long-Lived Assets to Be Held and Used	_____
N.	Leases—Lessors	_____
O.	Leases—Lessees	_____
P.	Nonmonetary Transactions	_____
Q.	Postemployment Benefits	_____
R.	Related-Party Transactions and Economic Dependency	_____
S.	Demutualizations and Formations of Mutual Insurance Holding Companies	_____
T.	Exit or Disposal Activities	_____
U.	Segment Reporting	_____
V.	Stock Compensation Plans	_____
W.	Subsequent Events	_____
X.	Accounting for Servicing of Financial Assets	_____
Y.	Troubled Debt Restructurings—Creditors	_____
Z.	Troubled Debt Restructurings—Debtors	_____
AA.	Asset Retirement Obligations	_____
BB.	Fair Value Measurements	_____

I. General

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Titles and References			
1. For a full presentation in conformity with accounting principles generally accepted in the United States (U.S. GAAP), are the following financial statements presented:			
a. Balance sheet?	_____	_____	_____
b. Statement of income (operations)?	_____	_____	_____
c. Statement of retained earnings or changes in shareholders' equity?	_____	_____	_____
d. Statement of cash flows?	_____	_____	_____
e. Description of accounting policies?	_____	_____	_____
f. Notes to the financial statements? [Common Practice]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Is each financial statement suitably titled? [Common Practice]	_____	_____	_____
3. Does each statement include a reference to the notes, which are an integral part of the financial statements? [Common Practice]	_____	_____	_____
B. Comparative Financial Statements			
1. If changes have occurred in the manner of or basis for pre- senting corresponding items for two or more periods, has in- formation been disclosed that will explain the change (for ex- ample, any change in practice that affects comparability of financial statements must be disclosed)? [FASB ASC 205-10-50-1]	_____	_____	_____
2. Has the entity disclosed appropriate explanations of changes related to any differences in the manner of or basis for pre- senting corresponding items for two or more periods? [FASB ASC 205-10-45-3]	_____	_____	_____
3. If comparative statements are presented, are the notes and other disclosures included in the financial statements of the preceding year(s) repeated, or at least referred to, to the ex- tent that they continue to be of significance? [FASB ASC 205-10-45-4]	_____	_____	_____

C. Consolidated Financial Statements

Notes: In March 2008, the Financial Accounting Standards Board (FASB) issued Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51*, to establish accounting and reporting standards for the noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary, areas for which limited guidance previously existed. FASB Statement No. 160 clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement amended authoritative accounting literature to change the term minority interest to noncontrolling interest. FASB Statement No. 160 does not change the requirements in FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities*.

FASB Statement No. 160 changes the way the consolidated income statement is presented. It requires consolidated net income to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling (minority) interest. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and to the noncontrolling interest.

FASB Statement No. 160 establishes a single method of accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation and clarifies that all of those transactions are equity transactions if the parent retains its controlling financial interest in the subsidiary.

FASB Statement No. 160 requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent's owners and the interests of the noncontrolling owners

(continued)

Yes No N/A

of a subsidiary. Those expanded disclosures include a reconciliation of the beginning and ending balances of the equity attributable to the parent and the noncontrolling owners and a schedule showing the effects of changes in a parent's ownership interest in a subsidiary on the equity attributable to the parent. These provisions are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). FASB Statement No. 160 should be applied prospectively as of the beginning of the fiscal year in which the statement is initially adopted. Presentation and disclosure requirements should be applied retrospectively for all periods presented.

This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 160.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

☐ A ☐ B

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in *FASB Accounting Standards Codification* (ASC) 810-10-65-1.

Practice Tip

The purpose of consolidated statements is to present, primarily for the benefit of the shareholders and creditors of the parent entity, the results of operations and the financial position of a parent entity and subsidiaries essentially as if the group were a single entity with one or more branches or divisions. There is a presumption that consolidated statements are more meaningful than separate statements and that they are usually necessary for a fair presentation when one of the entities in the group directly or indirectly has a controlling financial interest in the other entities.

In some cases parent entity statements may be needed, in addition to consolidated statements, to indicate adequately the position of bondholders and other creditors or preferred stockholders of the parent. Consolidating statements, in which one column is used for the parent entity and other columns for particular subsidiaries or groups of subsidiaries, often are an effective means of presenting the pertinent information. [FASB ASC 810-10-10-1; FASB ASC 810-10-45-11]

1. Has the entity disclosed the consolidation policy, if consolidated statements are presented?
[FASB ASC 810-10-50-1; FASB ASC 235-10-50-4]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Practice Tip			
<i>(FASB Statement No. 160)</i> With regard to question 2B, if a parent deconsolidates a subsidiary through a nonreciprocal transfer to owners, such as a spinoff, the accounting guidance in FASB ASC 845-10 applies. ["Pending Content" in FASB ASC 810-10-40-5]			
2B. <i>(FASB Statement No. 160)</i> Has the entity disclosed the following, as a parent, if a subsidiary has been deconsolidated:			
a. The amount of any gain or loss recognized in accordance with FASB ASC 810-10-40-5?	_____	_____	_____
b. The portion of any gain or loss related to the remeasurement of any retained investment in the former subsidiary to its fair value?	_____	_____	_____
c. The caption in the income statement in which the gain or loss is recognized unless separately presented on the face of the income statement? ["Pending Content" in FASB ASC 810-10-50-1B]	_____	_____	_____
3B. <i>(FASB Statement No. 160)</i> Has the entity disclosed the following, if the entity is a parent with one or more less-than-wholly owned subsidiaries:			
a. Separately, on the face of the consolidated financial statements, both of the following:			
i. The amounts of consolidated net income and consolidated comprehensive income?	_____	_____	_____
ii. The related amounts on each attributable to the parent and the noncontrolling interest?	_____	_____	_____
b. Either in the notes or on the face of the consolidated income statement, amounts attributable to the parent for any of the following, if reported in the consolidated financial statements:			
i. Income from continuing operations?	_____	_____	_____
ii. Discontinued operations?	_____	_____	_____
iii. Extraordinary items?	_____	_____	_____
c. Either in the consolidated statement of changes in equity, if presented, or in the notes to consolidated financial statements, a reconciliation at the beginning and the end of the period of the carrying amount of total equity (net assets), equity (net assets) attributable to the parent, and equity (net assets) attributable to the noncontrolling interest? (See FASB ASC 810-10-50-1A and FASB ASC 810-10-55-4(G) for example disclosures.)	_____	_____	_____
d. In notes to the consolidated financial statements, a separate schedule that shows the effects of any changes in a parent's ownership interest in a subsidiary on the equity attributable to the parent? ["Pending Content" in FASB ASC 810-10-50-1A]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. Has the entity eliminated for presentation material intra-entity transactions and accounts, including any intra-entity profit or loss on assets that remain within the consolidated group? [FASB ASC 810-10-45 par. 1 and 6]	_____	_____	_____
5. If the financial reporting periods of any subsidiaries are different from that of the parent, are intervening events that materially affect financial position or results of operations disclosed? [FASB ASC 810-10-45-12]	_____	_____	_____
6. If a parent company reports a change to (or the elimination of) a previously existing difference between the parent's reporting period and the reporting period of a consolidated entity in the parent's consolidated financial statements as described in FASB ASC 810-10-45-13, has the change been reported as a change in accounting principle in accordance with the provisions of FASB ASC 250, <i>Accounting Changes and Error Corrections</i> , excluding retrospective application if it is impracticable to do so? [FASB ASC 810-10-45-13]	_____	_____	_____

Consolidation of Variable Interest Entities

Notes: In June 2009, FASB issued Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*. Among other things, FASB Statement No. 167 amends FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities (revised December 2003)—an interpretation of ARB No. 51*, to require an entity to perform an analysis to determine whether the entity's variable interest or interests give it a controlling financial interest in a variable interest entity (VIE) and to provide enhanced disclosures that will provide more transparent information about an entity's involvement in a VIE.

FASB Statement No. 167 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009 (that is, January 1, 2010, for entities with calendar year-ends), for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited.

This checklist has not been updated to include the presentation and disclosure requirements of FASB Statement No. 167.

Readers can refer to the full text of this statement on the FASB Web site at www.fasb.org.

In December 2007, FASB issued Statement No. 141 (revised 2007), *Business Combinations*, to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. FASB Statement No. 141(R) supersedes FASB Statement No. 141, *Business Combinations*, but retains the fundamental requirements in

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<hr/>			
FASB Statement No. 141 that the acquisition method of accounting (formerly called the purchase method in FASB Statement No. 141) be used for all business combinations and that an acquirer be identified for each business combination.			
Among many other significant amendments to existing pronouncements precipitated by FASB Statement No. 141(R), this statement redefines <i>goodwill</i> in FASB Statement No. 142, <i>Goodwill and Other Intangible Assets</i> , to mean an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.			
FASB Statement No. 141(R) applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquiree), including those sometimes referred to as <i>true mergers</i> or <i>mergers of equals</i> and combinations achieved without the transfer of consideration, for example, by contract alone or through the lapse of minority veto rights. This statement applies to all business entities, including mutual entities that previously used the pooling-of-interests method of accounting for some business combinations. It does not apply to the following:			
a. The formation of a joint venture			
b. The acquisition of an asset or a group of assets that does not constitute a business			
c. A combination between entities or businesses under common control			
d. A combination between not-for-profit entities or the acquisition of a for-profit business by a not-for-profit entity			
This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). An entity may not apply it before that date.			
This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 141(R).			
As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):			
___A ___B			
Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org .			
			(continued)

Yes No N/A

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 805-10-65-1.

Practice Tip

A VIE may issue voting equity interests, and the entity that holds a majority voting interest also may be the primary beneficiary of the VIE. If so, the disclosures in question 7A are not required.
[FASB ASC 810-10-50-3]

- 7A. If the entity is a primary beneficiary of a VIE, has the entity disclosed all of the following (unless the primary beneficiary also holds a majority voting interest):

- | | | | | |
|----|---|-------|-------|-------|
| a. | The nature, purpose, size, and activities of the VIE? | _____ | _____ | _____ |
| b. | The carrying amount and classification of consolidated assets that are collateral for the VIE's obligations? | _____ | _____ | _____ |
| c. | Lack of recourse if creditors (or beneficial interest holders) of a consolidated VIE have no recourse to the general credit of the primary beneficiary? | _____ | _____ | _____ |
- [FASB ASC 810-10-50-3]
-

Practice Tips

(FASB Statement No. 141(R)) The primary beneficiary of a VIE that is a business should disclose items required by FASB ASC 805, *Business Combinations*. The primary beneficiary of a VIE that is not a business should disclose the amount of gain or loss recognized on the initial consolidation of the VIE.
["Pending Content" in FASB ASC 810-10-50-3]

(FASB Statement No. 141(R)) A VIE may issue voting equity interests, and the entity that holds a majority voting interest also may be the primary beneficiary of the VIE. If so, the disclosures in question 7B are not required.
["Pending Content" in FASB ASC 810-10-50-3]

- 7B. **(FASB Statement No. 141(R))** If the entity is a primary beneficiary of a VIE, has the entity disclosed all of the following (unless the primary beneficiary also holds a majority voting interest):

- | | | | | |
|----|---|-------|-------|-------|
| a. | The nature, purpose, size, and activities of the VIE? | _____ | _____ | _____ |
| b. | The carrying amount and classification of consolidated assets that are collateral for the VIE's obligations? | _____ | _____ | _____ |
| c. | Lack of recourse if creditors (or beneficial interest holders) of a consolidated VIE have no recourse to the general credit of the primary beneficiary? | _____ | _____ | _____ |
- ["Pending Content" in FASB ASC 810-10-50-3]

8. Have the following disclosures been made if the entity holds a significant variable interest in a VIE but is not the primary beneficiary:

- | | | | | |
|----|---|-------|-------|-------|
| a. | The nature of its involvement with the VIE and when that involvement began? | _____ | _____ | _____ |
|----|---|-------|-------|-------|

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The nature, purpose, size, and activities of the VIE?	_____	_____	_____
c. The enterprise's maximum exposure to loss as a result of its involvement with the VIE? [FASB ASC 810-10-50-4]	_____	_____	_____

Practice Tip

The disclosures required by FASB ASC 860, *Transfers and Servicing*, about a VIE should be included in the same note to the financial statements as the information required by the "Variable Interest Entities" subsections of FASB ASC 810, *Consolidation*. Further, information about VIEs may be reported in the aggregate for similar entities if separate reporting would not add material information.
[FASB ASC 810-10-50-5]

9. If the entity does not apply the guidance in the "Variable Interest Entities" subsections of FASB ASC 810 to one or more VIEs or potential VIEs because of the condition described in FASB ASC 810-10-15-17(c), is the following information disclosed:			
a. The number of entities to which this guidance is not being applied and the reason why the information required to apply this guidance is not available?	_____	_____	_____
b. The nature, purpose, size (if available), and activities of the entity(ies) and the nature of the enterprise's involvement with the entity(ies)?	_____	_____	_____
c. The reporting enterprise's maximum exposure to loss because of its involvement with the entity(ies)?	_____	_____	_____
d. The amount of income, expense, purchases, sales, or other measure of activity between the reporting enterprise and the entity(ies) for all periods presented? [FASB ASC 810-10-50-6]	_____	_____	_____

Notes: In December 2008, FASB issued FASB Staff Position (FSP) FAS 140-4 and FIN 46(R)-8, *Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities*. The objective of this FSP is to require public entities to provide additional disclosures about transfers of financial assets. It also amends FASB Interpretation No. 46(R) to require public enterprises, including sponsors that have a variable interest in a VIE, to provide additional disclosures about their involvement with VIEs. Further, it amends FASB Interpretation No. 46(R) to required disclosure by (a) a nontransferor sponsor of a qualifying special purpose entity (QSPE) that holds a variable interest in the QSPE and (b) a nontransferor servicer of a QSPE that holds a significant variable interest in the QSPE. Note that this FSP does not change the existing disclosure requirements for nonpublic entities.

This FSP applies to public entities that are subject to the disclosure requirements of FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities—a replacement of FASB Statement No. 125*, and public enterprises that are subject to the disclosure requirements of FASB Interpretation No. 46(R) as amended by this FSP.

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>This FSP is effective for the first reporting period (interim or annual) ending after December 15, 2008 (that is, December 31, 2008, for entities with calendar year-ends), and for interim and annual reporting periods thereafter. Earlier application is encouraged.</p> <p>Readers can refer to the full text of both the FSP and the statement on the FASB Web site at www.fasb.org.</p> <p>This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 860-10-65-2.</p> <p>Readers should be aware that this FSP was superseded by FASB Statement No. 167 and by FASB Statement No. 166, <i>Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140</i>. Both FASB Statement No. 167 and FASB Statement No. 166 are effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009 (that is, January 1, 2010, for entities with calendar year-ends), for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited.</p> <p>This checklist has not been updated to include the presentation and disclosure requirements of FASB Statement No. 166 or FASB Statement No. 167.</p> <p>Readers can refer to the full texts of these statements on the FASB Web site at www.fasb.org.</p> <p style="text-align: center;">*****</p> <p>In December 2007, FASB issued Statement No. 141(R) to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. FASB Statement No. 141(R) supersedes FASB Statement No. 141 but retains the fundamental requirements in FASB Statement No. 141 that the acquisition method of accounting (formerly called the purchase method in FASB Statement No. 141) be used for all business combinations and that an acquirer be identified for each business combination.</p> <p>Among many other significant amendments to existing pronouncements precipitated by FASB Statement No. 141(R), this statement redefines <i>goodwill</i> in FASB Statement No. 142 to mean an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.</p> <p>FASB Statement No. 141(R) applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (acquiree), including those sometimes referred to as true mergers or mergers of equals and combinations achieved without the transfer of consideration, for example, by contract alone or through the lapse of minority veto rights. This statement applies to all business entities, including mutual entities that previously used the pooling-of-interests method of accounting for some business combinations. It does not apply to the following:</p> <p style="margin-left: 40px;">a. The formation of a joint venture</p>			
			(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>b. The acquisition of an asset or a group of assets that does not constitute a business</p> <p>c. A combination between entities or businesses under common control</p> <p>d. A combination between not-for-profit entities or the acquisition of a for-profit business by a not-for-profit entity</p> <p>This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). An entity may not apply it before that date.</p> <p>This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 141(R).</p> <p>As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):</p> <p><input type="checkbox"/>A <input type="checkbox"/>B</p> <p>Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.</p> <p>This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 805-10-65-1.</p>			

Practice Tips

(Issuers Only) The entity should determine, in light of the facts and circumstances, how much detail it should provide to satisfy the disclosure requirements of FASB ASC 810-10-50, how much emphasis it places on different aspects of the requirements, and how it aggregates information to display its overall involvements with VIEs with different risk characteristics. The entity must strike a balance between obscuring important information as a result of too much aggregation and overburdening financial statements with excessive detail that may not assist financial statement users to understand the reporting entity's financial position.

The public entity disclosures required in the "Variable Interest Entities" subsection of FASB ASC 810-10-50 may be provided in more than one note to financial statements, as long as the objectives in FASB ASC 810-10-50-8 are met. If the disclosures are provided in more than one note to financial statements, the reporting entity should provide a cross reference to the other notes to financial statements that provide the disclosures prescribed in the "Variable Interest Entities" subsection of FASB ASC 810-10-50 for similar VIEs.

["Pending Content" in FASB ASC 810-10-50 par. 10-11]

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(Issuers Only) The entity should consider the overall objectives in question 10 in providing disclosures. To achieve those objectives, the entity may need to supplement the disclosures required in FASB ASC 810-10-50, depending on the facts and circumstances surrounding the VIE and the reporting entity's interest in that VIE. ["Pending Content" in FASB ASC 810-10-50-8]			
10. (Issuers Only) Has the entity made disclosures that provide financial statement users with information regarding all of the following:			
a. The significant judgments and assumptions made by a reporting entity in determining whether it must do any of the following:			
i. Consolidate a VIE?	_____	_____	_____
ii. Disclose information about its involvement with a VIE?	_____	_____	_____
b. The nature of restrictions on a consolidated VIE's assets reported by a reporting entity in its statement of financial position, including the carrying amounts of such assets?	_____	_____	_____
c. The nature of, and changes in, the risks associated with a reporting entity's involvement with the VIE?	_____	_____	_____
d. How a reporting entity's involvement with the VIE affects the entity's financial position, financial performance, and cash flows? ["Pending Content" in FASB ASC 810-10-50-8]	_____	_____	_____
11. (Issuers Only) If reporting disclosures in aggregate, which may be more useful, has the entity disclosed how similar entities are aggregated and distinguish between			
a. VIEs that are not consolidated because the reporting entity is not the primary beneficiary but has a significant variable interest or is the sponsor that holds a variable interest?	_____	_____	_____
b. VIEs that are consolidated? ["Pending Content" in FASB ASC 810-10-50-9]	_____	_____	_____

Practice Tip

(Issuers Only) A VIE may issue voting equity interests, and the reporting entity that holds a majority voting interest also may be the primary beneficiary of the VIE. If so, the disclosures in questions 12 and 13A are required if the activities of the VIE are primarily related to securitizations or other forms of asset-backed financings or single-lessee leasing arrangements.
["Pending Content" in FASB ASC 810-10-50-13]

12. **(Issuers Only)** If the entity is a primary beneficiary of a VIE, an entity that holds a significant variable interest in a VIE but is not the primary beneficiary, or an entity that is a sponsor that holds a variable interest in a VIE have the following disclosures been made:

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Its methodology for determining whether the entity is (or is not) the primary beneficiary of a VIE, including, but not limited to, significant judgments and assumptions made?	_____	_____	_____
b. If the conclusion to consolidate a VIE has changed in the most recent financial statements the primary factors that caused the change and the effect on the entity's financial statements?	_____	_____	_____
c. Whether the entity has provided financial or other support during the periods presented to the VIE that it was not previously contractually required to provide, including both of the following:			
i. The type and amount of support?	_____	_____	_____
ii. The primary reasons for providing the support?	_____	_____	_____
d. Qualitative and quantitative information about the reporting entity's involvement with the VIE, including but not limited to the nature, purpose, size, and activities of the VIE, including how the VIE is financed? ["Pending Content" in FASB ASC 810-10-50-12]	_____	_____	_____
13A. (Issuers Only) If the entity is the primary beneficiary of a VIE, have the following disclosures been made:			
a. The carrying amount and classification of the VIE's assets and liabilities in the statement of financial position that are consolidated in accordance with the guidance in the "Variable Interest Entities" subsections of FASB ASC 810-10, including qualitative information about the relationship(s) between those assets and associated liabilities?	_____	_____	_____
b. Lack of recourse if creditors (or beneficial interest holders) of a consolidated VIE have no recourse to the general credit of the primary beneficiary?	_____	_____	_____
c. Terms of arrangements, giving consideration to both explicit arrangements and implicit variable interests, that could require the reporting entity to provide financial support to the VIE, including events or circumstances that could expose the reporting entity to a loss? ["Pending Content" in FASB ASC 810-10-50-14]	_____	_____	_____

Practice Tip

(FASB Statement No. 141(R)) (Issuers Only) With respect to question 13B, the primary beneficiary of a VIE that is a business should disclose items required by FASB ASC 805. The primary beneficiary of a VIE that is not a business should disclose the amount of gain or loss recognized on the initial consolidation of the VIE. ["Pending Content" in FASB ASC 805-10-50-14]

- 13B. **(FASB Statement No. 141(R)) (Issuers Only)** If the entity is the primary beneficiary of a VIE, have the following disclosures been made:

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The carrying amount and classification of the VIE's assets and liabilities in the statement of financial position that are consolidated in accordance with the guidance in the "Variable Interest Entities" subsections of FASB ASC 810-10, including qualitative information about the relationship(s) between those assets and associated liabilities?	_____	_____	_____
b. Lack of recourse if creditors (or beneficial interest holders) of a consolidated VIE have no recourse to the general credit of the primary beneficiary?	_____	_____	_____
c. Terms of arrangements, giving consideration to both explicit arrangements and implicit variable interests, that could require the reporting entity to provide financial support to the VIE, including events or circumstances that could expose the reporting entity to a loss? ["Pending Content" in FASB ASC 810-10-50-14]	_____	_____	_____

Practice Tip

(Issuers Only) With regard to question 14(c), the entity should provide qualitative and quantitative information to allow financial statement users to understand the differences between the two amounts (liability and maximum exposure to loss).

["Pending Content" in FASB ASC 810-10-50-15]

14. **(Issuers Only)** Has the entity made the following disclosures if it holds a significant variable interest or is a sponsor that holds a variable interest in a VIE, but is not the VIE's primary beneficiary:

a. The carrying amount and classification of the assets and liabilities in the reporting entity's statement of financial position that relate to the reporting entity's variable interest in the VIE.	_____	_____	_____
b. The reporting entity's maximum exposure to loss as a result of its involvement with the VIE, including the following:			
i. How the maximum exposure is determined.	_____	_____	_____
ii. The significant sources of the reporting entity's exposure to the VIE.	_____	_____	_____
iii. If a maximum exposure cannot be identified, that fact should be disclosed.	_____	_____	_____
c. A tabular comparison of the carrying amount of the liability (as required by item (a)) and the reporting entity's maximum exposure to loss (as required by item (b)).	_____	_____	_____

["Pending Content" in FASB ASC 810-10-50-15]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
15. (Issuers Only) If the entity has not applied the guidance in the “Variable Interest Entities” subsections of FASB ASC 810-10-50 to one or more VIEs or potential VIEs because of the condition described in FASB ASC 810-10-15-17(c) (see preceding practice tip), has all of the following information been disclosed:			
a. The number of legal entities to which that guidance is not being applied?	_____	_____	_____
b. The reason why the information required to apply that guidance is not available?	_____	_____	_____
c. The nature, purpose, size (if available), and activities of the legal entities?	_____	_____	_____
d. The nature of the reporting entity’s involvement with the legal entities?	_____	_____	_____
e. The reporting entity’s maximum exposure to loss because of its involvement with the legal entities?	_____	_____	_____
f. The amount of income, expense, purchases, sales, or other measure of activity between the reporting entity and the legal entities for all periods presented? [“Pending Content” in FASB ASC 810-10-50-16]	_____	_____	_____
16. (Issuers Only) If the entity is either a nontransferor sponsor or a nontransferor servicer, (as defined in FASB ASC 810-10-50-17), have they disclosed information that provides financial statement users with an understanding of its involvement with the QSPE? [“Pending Content” in FASB ASC 810-10-50-17]	_____	_____	_____

Practice Tip

(Issuers Only) Disclosures may be reported in the aggregate for similar entities if separate reporting would not provide more useful information to financial statement users. The reporting entity should disclose how similar entities are aggregated. In determining whether to aggregate QSPEs, the reporting entity should consider quantitative and qualitative information about the different risk and reward characteristics of each QSPE and the importance of each QSPE to the reporting entity.
[“Pending Content” in FASB ASC 810-10-50-18]

17. (Issuers Only) If the entity is either a nontransferor sponsor (see FASB ASC 810-10-50-8(a)) or a nontransferor servicer (see FASB ASC 810-10-50-8(b)) of a QSPE, have the following been disclosed:			
a. The nature, purpose, size, and activities of the QSPE, including how the entity is financed?	_____	_____	_____
b. The carrying amount and classification of the assets and liabilities recognized in the statement of financial position related to the entity’s involvement with the QSPE?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. Terms of arrangements that could require the reporting entity to provide financial support to the QSPE, including events or circumstances that could expose the entity to loss? (All available evidence should be considered. See FASB ASC 810-10-50-19(c) for specific examples of evidence to consider).	_____	_____	_____
d. The entity's maximum exposure to loss as a result of its involvement with the QSPE, including how the maximum exposure is determined and the significant sources of the reporting entity's exposure to the QSPE? (If the entity's maximum exposure to loss as a result of its involvement with the QSPE cannot be quantified, that fact should be disclosed.)	_____	_____	_____
e. Whether the entity has provided financial or other support during the periods presented to the QSPE that it was not previously contractually required to provide, including both of the following:			
i. The type and amount of support?	_____	_____	_____
ii. The primary reasons for providing the support? ["Pending Content" in FASB ASC 810-10-50-19]	_____	_____	_____

D. Risks and Uncertainties

Note: In April 2008, FASB issued FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets*, to improve the consistency between the useful life of a recognized intangible asset under FASB Statement No. 142 and the period of expected cash flows used to measure the fair value of the asset under FASB Statement No. 141(R) and other U.S. GAAP. This FSP applies to recognized intangible assets that are accounted for pursuant to FASB Statement No. 142 and applies regardless of the nature of the transaction that resulted in the recognition of the intangible asset, that is, whether acquired in a business combination or otherwise.

Among other significant provisions, FSP FAS 142-3 will add criterion as to whether disclosure related to the estimated useful life of an intangible asset should be required under FASB ASC 275-10-50-8.

FSP FAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends), and interim periods within those fiscal years. Early adoption is prohibited.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 142-3.

Readers can refer to the full text of the FSP on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 350-10-65-1.

Yes No N/A

Practice Tips

The 4 areas of disclosure prescribed by FASB ASC 275-10-50-1, in question 1, are not mutually exclusive. The information required by some may overlap. Accordingly, the disclosures required by FASB ASC 275-10-50 may be combined in various ways, grouped together, or placed in diverse parts of the financial statements, or included as part of the disclosures made pursuant to other U.S. GAAP requirements.
[FASB ASC 275-10-50-1]

Whether an estimate meets the criteria for disclosure under FASB ASC 275, *Risks and Uncertainties*, does not depend on the amount that has been reported in the financial statements but rather on the materiality of the effect that using a different estimate would have had on the financial statements. Simply because an estimate resulted in the recognition of a small financial statement amount, or no amount, does not mean that disclosure is not required under FASB ASC 275-10.

[FASB ASC 275-10-50-14]

- | | | | | |
|----|--|-------|-------|-------|
| 1. | Has the entity made disclosures about the risks and uncertainties existing as of the date of the financial statements in the following areas: | | | |
| | a. Nature of operations? | _____ | _____ | _____ |
| | b. Use of estimates in the preparation of financial statements? | _____ | _____ | _____ |
| | c. Certain significant estimates? | _____ | _____ | _____ |
| | d. Current vulnerability due to certain concentrations?
[FASB ASC 275-10-50-1] | _____ | _____ | _____ |
| 2. | Has the entity disclosed a description of the major products or services the entity sells or provides and its principal markets, including the locations of those markets?
[FASB ASC 275-10-50-2] | _____ | _____ | _____ |
| 3. | If the entity operates in more than one business, have the disclosures made indicated the relative importance of its operations in each business and the basis for this determination (assets, revenues, and earnings)?
[FASB ASC 275-10-50-2] | _____ | _____ | _____ |
| 4. | Do the financial statements include an explanation that the preparation of financial statements in conformity with U.S. GAAP requires the use of management's estimates?
[FASB ASC 275-10-50-4] | _____ | _____ | _____ |
| 5. | If, based on known information available to the entity before the issuance of the financial statements, it is reasonably possible that estimates in the financial statements will change in the near term (as defined by the FASB ASC glossary as a period of time not to exceed one year from the date of the financial statements) and the effects will be material, is there discussion (including an estimate of the effect of the change in condition, situation, or set of circumstances that existed at the date of the financial statements) in the financial statements of these facts and circumstances?
[FASB ASC 275-10-50-6] | _____ | _____ | _____ |

Yes No N/A

Practice Tip

(FSP FAS 142-3) In determining whether disclosure about an estimate of the useful life of an intangible asset is required under FASB ASC 275-10-50-8, the criterion in item (b) of that paragraph should be considered met if the effect of either of the following would be material to the financial statements, either individually or in aggregate by major intangible asset class:

- A change in the useful life of an intangible
- A change in the expected likelihood of renewal or extension of an intangible asset

["Pending Content" in FASB ASC 275-10-50-15A]

II. Balance Sheet

A. General

- | | | | |
|---|-------|-------|-------|
| 1. For classified balance sheets, are assets and liabilities segregated into current and noncurrent classifications with totals presented for current assets and current liabilities?
[FASB ASC 210-10-05-5; FASB 210-10-45-5; FASB ASC 470-10-45-2; FASB ASC 70-10-45-15] | _____ | _____ | _____ |
| 2. Are assets not expected to be realized during the current operating cycle classified as noncurrent?
[FASB ASC 210-10-45 par. 3-4] | _____ | _____ | _____ |

B. Cash

- | | | | |
|--|-------|-------|-------|
| 1. Has the entity made disclosures related to any restrictions on cash?
[Common Practice] | _____ | _____ | _____ |
| 2. Is any cash restricted as to withdrawal or use for other than current operations excluded from current assets?
[FASB ASC 210-10-45-4] | _____ | _____ | _____ |
| 3. Are bank overdrafts reclassified to and presented separately in current liabilities?
[Common Practice] | _____ | _____ | _____ |
| 4. Are held checks (those written before but not released until after the balance sheet date) reclassified to accounts payable?
[Common Practice] | _____ | _____ | _____ |

C. Investments in Debt and Equity Securities

Practice Tip

FASB ASC 320, *Investments—Debt and Equity Securities*, as discussed in following questions, does not apply to investments in equity securities that, absent the election of the fair value option in FASB ASC 825-10-25-1, would be required to be accounted for under the equity method, nor to investments in consolidated subsidiaries.

[FASB ASC 320-10-15-7]

Yes No N/A

Notes: In April 2009, FASB issued FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*. This FSP amends the other-than-temporary impairment guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FSP does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. This FSP incorporates other-than-temporary impairment guidance for debt securities from Securities and Exchange Commission (SEC) Staff Accounting Bulletin Topic 5M and other authoritative literature, modifies and expands it to address the unique features of debt securities, and clarifies the interaction of the factors that should be considered when determining whether a debt security is other than temporarily impaired.

The FSP is effective for interim and annual reporting periods ending after June 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends), with early adoption permitted for periods ending after March 15, 2009. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption.

This checklist has not been updated to include the presentation and disclosure requirements of FSP FAS 115-2 and FAS 124-2.

Readers can refer to the full text of the FSP on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 320-10-65-1.

Practice Tip

The disclosures in this FASB ASC 320-10-50 are required for all interim and annual periods. Major security types should be based on the nature and risks of the security. In determining whether disclosure for a particular security type is necessary and whether it is necessary to further separate a particular security type into greater detail, an entity should consider all of the following:

- Shared activity or business sector
- Vintage
- Geographic concentration
- Credit quality
- Economic characteristic

["Pending Content" in FASB ASC 320-10-50 par. 1A–1B]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Has the entity disclosed all of the following, for securities classified as available for sale, by major security type, as of each date for which a statement of financial position is presented:			
a. Amortized cost basis?	_____	_____	_____
b. Aggregate fair value?	_____	_____	_____
c. Total other-than-temporary impairment recognized in accumulated other comprehensive income (OCI)?	_____	_____	_____
d. Total gains for securities with net gains in accumulated OCI?	_____	_____	_____
e. Total losses for securities with net losses in accumulated OCI?	_____	_____	_____
f. Information about the contractual maturities of those securities as of the date of the most recent statement of financial position reported? [“Pending Content” in FASB ASC 320-10-50-2]	_____	_____	_____
2. Has the entity disclosed any investments in available-for-sale securities and trading securities separately from similar assets that are subsequently measured using another measurement attribute on the face of the statement of financial position and, in doing so, does the entity			
a. present the aggregate of those fair value and non-fair-value amounts in the same line item and parenthetically disclose the amount of fair value included in the aggregate amount?	_____	_____	_____
b. present two separate line items to display the fair value and non-fair-value carrying amounts? [FASB ASC 320-10-45-1]	_____	_____	_____

Practice Tip

Maturity information may be combined in appropriate groupings. Securities not due at a single maturity date, such as mortgage-backed securities, may be disclosed separately rather than allocated over several maturity groupings; if allocated, the basis for allocation also should be disclosed.

Investments in mutual funds that invest only in U.S. government debt securities may be shown separately rather than grouped with other equity securities in the disclosures by major security type required by FASB ASC 942-320-50-2 related to depository and lending entities and the required investment disclosures.
[FASB ASC 320-10-50 par. 3–4]

3. Has the entity made the following disclosures for securities classified as held-to-maturity, by major security type as of each date for which a statement of financial position is presented:			
a. Amortized cost basis?	_____	_____	_____
b. Aggregate fair value?	_____	_____	_____
c. Gross unrecognized holding gains?	_____	_____	_____
d. Gross unrecognized holding losses?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. Net carrying amount?	_____	_____	_____
f. Total other-than-temporary impairment recognized in accumulated OCI?	_____	_____	_____
g. Gross gains and losses in accumulated OCI for any derivatives that hedged the forecasted acquisition of the held-to-maturity securities?	_____	_____	_____
h. Information about the contractual maturities of those securities as of the date of the most recent statement of financial position presented? [“Pending Content” in FASB ASC 320-10-50-5]	_____	_____	_____
4. If the entity presents a classified statement of financial position, are all individual held-to-maturity securities, individual available-for-sale securities, and individual trading securities reported as either current or noncurrent, as appropriate, under the current asset and current liability provisions of FASB ASC 210-10? [FASB ASC 320-10-45-2]	_____	_____	_____
5. For all investments in an unrealized loss position, including those that fall within the scope of FASB ASC 325-40, for which other-than-temporary impairments have not been recognized in earnings (including investments for which a portion of an other-than-temporary impairment has been recognized in OCI), does an investor disclose the following in its interim and annual financial statements:			
a. As of each date for which a statement of financial position is presented, quantitative information, aggregated by category of investment—each major security type that the entity discloses in accordance with FASB ASC 320-10 and cost-method investments—in tabular form			
i. the aggregate related fair value of investments with unrealized losses?	_____	_____	_____

Practice Tip

The reference point for determining how long an investment has been in a continuous unrealized loss position is the balance sheet date of the reporting period in which the impairment is identified. The continuous unrealized loss position ceases upon either of the following:

- The recognition of the total amount by which amortized cost basis exceeds fair value as an other-than-temporary impairment in earnings
- The investor becoming aware of a recovery of fair value up to (or beyond) the cost of the investment during the period.

[“Pending Content” in FASB ASC 320-10-50-8]

- | | | | |
|---|-------|-------|-------|
| ii. the aggregate amount of unrealized losses (that is, the amount by which cost exceeds fair value)? | _____ | _____ | _____ |
|---|-------|-------|-------|

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
	<p><i>b.</i> As of the date of the most recent statement of financial position, additional information (in narrative form) that provides sufficient information to allow financial statement users to understand the quantitative disclosures and the information that the entity considered (both positive and negative) in reaching the conclusion that the impairment or impairments are not other than temporary? (See "Pending Content" in FASB ASC 320-10-50-6 for example disclosures.)</p> <p>["Pending Content" in FASB ASC 320-10-50-6]</p>	_____	_____	_____
6.	<p>Has the entity disclosed, for interim and annual periods in which an other-than-temporary impairment of a debt security is recognized and only the amount related to a credit loss was recognized in earnings, by major security type, the methodology and significant inputs used to measure the amount related to credit loss? (Examples include default rates, delinquency rates, percentage of nonperforming assets, loan-to-collateral-value ratios, third-party guarantees, current levels of subordination, vintage, geographic concentration and credit ratings.)</p> <p>["Pending Content" in FASB ASC 320-10-50-8A]</p>	_____	_____	_____
7.	<p>Has the entity disclosed, in tabular format, a rollforward of the amount related to credit losses recognized in earnings in accordance with FASB ASC 320-10-35-34D, for interim and annual periods, including, at a minimum,</p>			
	<p><i>a.</i> the beginning balance of the amount related to credit losses on debt securities held by the entity at the beginning of the period for which a portion of an other-than-temporary impairment was recognized in OCI?</p>	_____	_____	_____
	<p><i>b.</i> additions for the amount related to the credit loss for which an other-than-temporary impairment was not previously recognized?</p>	_____	_____	_____
	<p><i>c.</i> reductions for securities sold during the period (realized)?</p>	_____	_____	_____
	<p><i>d.</i> reductions for securities for which the amount previously recognized in OCI was recognized in earnings because the entity intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis?</p>	_____	_____	_____
	<p><i>e.</i> if the entity does not intend to sell the security and it is not more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis, additional increases to the amount related to the credit loss for which an other-than-temporary impairment was previously recognized?</p>	_____	_____	_____
	<p><i>f.</i> reductions for increases in cash flows expected to be collected that are recognized over the remaining life of the security?</p>	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
	g. the ending balance of the amount related to credit losses on debt securities held by the entity at the end of the period for which a portion of an other-than-temporary impairment was recognized in OCI? [“Pending Content” in FASB ASC 320-10-50-8B]	_____	_____	_____
8.	Has the entity disclosed the following for each period for which an income statement is presented:			
	a. The proceeds from sales of available-for-sale securities and gross realized gains and losses that have been included in earnings as a result of those sales?	_____	_____	_____
	b. The basis on which the cost of a security sold or the amount reclassified out of accumulated OCI into earnings was determined (that is, specified identification, average cost, or other method used)?	_____	_____	_____
	c. The gross gains and losses included in earnings from transfers of securities from the available-for-sale category to the trading category?	_____	_____	_____
	d. The amount of the net unrealized holding gain or loss on available-for-sale securities for the period that has been included in accumulated OCI and the amount of gains and losses reclassified out of accumulated OCI into earnings for the period?	_____	_____	_____
	e. The portion of trading gains and losses for the period that relates to trading securities still held at the reporting date? [FASB ASC 320-10-50-9]	_____	_____	_____
9.	Has the entity disclosed the following for any sales of or transfers from securities classified as held-to-maturity for each period for which an earnings statement is presented:			
	a. Net carrying amount of the sold or transferred security?	_____	_____	_____
	b. The net gain or loss in accumulated OCI for any derivative that hedged the forecasted acquisition of the held-to-maturity security?	_____	_____	_____
	c. Related realized or unrealized gain or loss?	_____	_____	_____
	d. The circumstances leading to the decision to sell or transfer the security? [FASB ASC 320-10-50-10]	_____	_____	_____
10.	Are cash flows from purchases, sales, and maturities of available-for-sale securities and held-to-maturity securities classified as cash flows from investing activities and reported gross for each security classification in the statement of cash flows? [FASB ASC 320-10-45-11]	_____	_____	_____
11.	Are cash flows from purchases, sales, and maturities of trading securities classified as cash flows based on the nature and purpose for which the securities were acquired (generally, operating activities) in the statement of cash flows? [FASB ASC 320-10-45-11]	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
12.	For cost-method investments, does the entity disclose the following additional information, if applicable, as of each date for which a statement of financial position is presented in its annual financial statements:			
a.	The aggregate carrying amount of all cost-method investments?	_____	_____	_____
b.	The aggregate carrying amount of cost-method investments that the entity did not evaluate for impairment (see FASB ASC 325-20-35)?	_____	_____	_____
c.	The fact that the fair value of a cost-method investment is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment, and			
i.	the entity determined, in accordance with paragraphs 16–19 of FASB ASC 825-10-50, that it is not practicable to estimate the fair value of the investment?	_____	_____	_____
ii.	the entity is exempt from estimating fair value under FASB ASC 825?	_____	_____	_____
iii.	the entity is exempt from estimating interim fair values because it does not meet the FASB ASC definition of a <i>publicly traded company</i> ? [“Pending Content” in FASB ASC 325-20-50-1]	_____	_____	_____
13.	If an insurance entity is a not-for-profit entity (NFP), has the change in fair value of equity securities that are not within the scope of FASB ASC 958-320 because they do not have a readily determinable fair value recognized? [FASB ASC 944-325-45-2]	_____	_____	_____
14.	Has the entity considered separate captions for each of the following investment categories:			
a.	Fixed-maturity securities?	_____	_____	_____
b.	Mortgage loans on real estate?	_____	_____	_____
c.	Investment real estate?	_____	_____	_____
d.	Policy loans?	_____	_____	_____
e.	Other long-term investments? [AAG-LHI app. B]	_____	_____	_____
15.	Are unrealized gains and losses under FASB ASC 944-325-35-1 reported, net of applicable income taxes, in other comprehensive income? [FASB ASC 944-325-45-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
D. Receivables			

Notes: In December 2008, FASB issued FSP FAS 140-4 and FIN 46(R)-8 to amend FASB Statement No. 140 to require public entities (enterprises) to provide additional disclosures about transfers of financial assets. It also amends FASB Interpretation No. 46(R) to require public enterprises, including sponsors that have a variable interest in a VIE, to provide additional disclosures about their involvement with VIEs. Additionally, this FSP requires certain disclosures to be provided by a public enterprise that is (a) a sponsor of a QSPE that holds a variable interest in the QSPE but was not the transferor (nontransferor) of financial assets to the QSPE and (b) a servicer of a QSPE that holds a significant variable interest in the QSPE but was not the transferor (nontransferor) of financial assets to the QSPE. The disclosures required by this FSP are intended to provide greater transparency to financial statement users about a transferor's continuing involvement with transferred financial assets and an enterprise's involvement with VIEs and QSPEs.

This FSP applies to public entities that are subject to the disclosure requirements of FASB Statement No. 140 and public enterprises that are subject to the disclosure requirements of FASB Interpretation No. 46(R) as amended by this FSP.

This FSP is effective for the first reporting period (interim or annual) ending after December 15, 2008 (that is, December 31, 2008, for entities with calendar year-ends), with earlier application encouraged. This FSP applies to each annual and interim reporting period thereafter. An entity (enterprise) is encouraged, but not required, to disclose comparative information in periods earlier than the effective date for disclosures that were not previously required for public entities (enterprises) by FASB Statement No. 140 and FASB Interpretation No. 46(R). In periods after initial adoption, comparative disclosures for those disclosures that were not previously required for public entities (enterprises) by FASB Statement No. 140 and FASB Interpretation No. 46(R) are required only for periods subsequent to the effective date.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 140-4 and FIN 46(R)-8.

Readers can refer to the full text of the FSP on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 860-10-65-2.

Readers should be aware that this FSP was superseded by FASB Statement No. 166 and FASB Statement No. 167. Both FASB Statement No. 167 and FASB Statement No. 166 are effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009 (that is, January 1, 2010, for entities with calendar year-ends), for interim periods within that first

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited.</p> <p>This checklist has not been updated to include the presentation and disclosure requirements of FASB Statement No. 166 or FASB Statement No. 167.</p> <p>Readers can refer to the full texts of these statements on the FASB Web site at www.fasb.org.</p>			
1. Are accounts and notes receivable from officers, employees, and affiliated entities shown separately with appropriate disclosures, and not included under a general heading such as notes receivable or accounts receivable? [FASB ASC 310-10-45-13; FASB ASC 850-10-50-2]	_____	_____	_____
2. Are unbilled receivables shown separately from billed receivables? [Common Practice]	_____	_____	_____
3. Are unbilled costs and fees under cost-plus-fixed fee contracts shown as receivables rather than advances or inventory? [FASB ASC 912-310-25-1]	_____	_____	_____
4. Are allowances for uncollectible receivables shown as deductions from the related receivables? [FASB ASC 310-10-45-4; FASB ASC 310-10-50-14]	_____	_____	_____
5. For each period for which results of operations are presented, has the entity disclosed the activity in the total allowance for credit losses related to loans, including			
a. the balance in the allowance at the beginning and end of each period?	_____	_____	_____
b. additions charged to operations?	_____	_____	_____
c. direct write-downs charged against the allowance?	_____	_____	_____
d. recoveries of amounts previously charged off? [FASB ASC 310-10-50-12]	_____	_____	_____
6. Are unearned discounts (other than cash or quantity discounts and the like), finance charges, and interest included in the face amounts of receivables shown as a deduction from the related receivables? [FASB ASC 310-10-45-8]	_____	_____	_____
7. If a note is noninterest bearing or has an inappropriate stated interest rate,			
a. is the discount or premium presented as a deduction from or addition to the face amount of the note?	_____	_____	_____
b. does the disclosure include the effective interest rate and face amount of the note?	_____	_____	_____
c. is amortization of discount or premium reported as interest in the income statement?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. are issue costs reported on the balance sheet as deferred charges? [FASB ASC 835-30-45 par. 1A and 2–3]	_____	_____	_____

Practice Tip

Questions 8–18 that follow apply to entities that lend to or finance the activities of others (including trade receivables). Refer to FASB ASC 942-10-15-2 to determine whether your entity falls within the scope of this guidance. This checklist includes only the disclosure requirements for the more common activities within the scope of FASB ASC 942-10-15-2. If the entity is a financial institution, or purchases or sells loans or servicing rights, forecloses on a loan, or engages in other more complex lending activities, the additional disclosure requirements of FASB ASC 860 not included herein, also should be considered. See additional disclosure requirements contained in the AICPA's *Depository and Lending Institutions: Checklists and Illustrative Financial Statements* (product no. 0089109 [paperback] or WDP-CL [online]).

8.	Does the accounting policy note disclosure include the following:			
a.	The basis of accounting for loans, trade receivables, and lease financings, including those classified as held for sale?	_____	_____	_____
b.	The method used in determining the lower of cost or fair value of nonmortgage loans held for sale (that is aggregate or individual asset basis)?	_____	_____	_____
c.	The method for recognizing interest income on loan and trade receivables, including a statement about the entity's policy for treatment of related fees and costs, including the method of amortizing net deferred fees or costs?	_____	_____	_____
d.	The classification and method of accounting for interest-only strips, loans, other receivables, or retained interests in securitizations that can be contractually prepaid or otherwise settled in a way that the holder would not recover substantially all of its recorded investment?	_____	_____	_____
e.	In addition to the loss contingencies disclosures required by FASB ASC 450-20, a description of the accounting policies and methodology the entity used to estimate its allowance for loan losses, allowance for doubtful accounts, and any liability for off-balance sheet credit losses, and related charges for loan, trade receivable or other credit losses, including a description of the factors that influenced management's judgment?	_____	_____	_____
f.	The policy for placing loans (and trade receivables if applicable) on nonaccrual status (or discontinuing accrual of interest) and recording payments received on nonaccrual loans (and trade receivables if applicable), and the policy for resuming accrual of interest?	_____	_____	_____
g.	The policy for charging off uncollectible loans and trade receivables?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>h.</i> The policy for determining past due or delinquency status (that is, whether past due status is based on how recently payments have been received or contractual terms)? [FASB ASC 310-10-50 par. 2, 6, and 9]</p>	_____	_____	_____
<p>9. Has the entity disclosed the aggregate amount of gains or losses on sales of loans or trade receivables (including adjustments to record loans held for sale at the lower of cost or fair value) separately in the financial statements or in the notes to the financial statements? [FASB ASC 860-20-50-5]</p>	_____	_____	_____
<p>10. Loans or trade receivables may be presented on the balance sheet as aggregated amounts. However, are the following exceptions disclosed:</p>			
<p><i>a.</i> Are loans or trade receivables held for sale presented on the balance sheet in a separate category?</p>	_____	_____	_____
<p><i>b.</i> Are major categories of loans or trade receivables presented separately either in the balance sheet or in the notes to the financial statements?</p>	_____	_____	_____
<p><i>c.</i> Are the allowance for credit losses, the allowance for doubtful accounts, and, as applicable, any unearned income, any unamortized premiums and discounts, and any net unamortized deferred fees and costs, disclosed in the financial statements? [FASB ASC 310-10-45 par. 2-4]</p>	_____	_____	_____
<p>11. Are foreclosed and repossessed assets classified as a separate balance-sheet amount or included in other assets on the balance sheet with separate disclosures in the notes to the financial statements? [FASB ASC 310-10-45-3; FASB ASC 310-10-50-11]</p>	_____	_____	_____
<p>12. Are certain returned or repossessed assets, such as inventory, subsequently to be utilized by the entity in operations, not classified separately? [FASB ASC 310-10-45-3]</p>	_____	_____	_____
<p>13. Is the valuation allowance for loans prior to foreclosure not carried over as a separate element of the cost basis in the foreclosed asset for purposes of accounting for the long-lived asset under FASB ASC 360, <i>Property, Plant, and Equipment</i>, after foreclosure? [FASB ASC 310-40-40-10]</p>	_____	_____	_____
<p>14. Is the recorded investment in loans (and trade receivables if applicable) on nonaccrual status as of each balance sheet date disclosed in the notes to the financial statements? [FASB ASC 310-10-50-7]</p>	_____	_____	_____
<p>15. Is the recorded investment in loans (and trade receivables if applicable) past due 90 days or more and still accruing disclosed? [FASB ASC 310-10-50-7]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
16. Insurance subsidiaries may be required to deposit securities with state regulatory authorities. If so, is the carrying amount of securities deposited disclosed? [FASB ASC 944-320-50-1]	_____	_____	_____
17. Is the carrying amount of loans, trade receivables, securities and financial instruments that serve as collateral for borrowings disclosed pursuant to ASC 860-30-50-1(b) for public entities and pursuant to FASB ASC 860-30-50-4(b) for nonpublic entities? [“Pending Content” in FASB ASC 310-10-50-5]	_____	_____	_____
18. Do the notes to financial statements describe how prepayments are considered in the determination of contractual cash flows and cash flows expected to be collected? [FASB ASC 310-30-50-1]	_____	_____	_____
19. For each balance sheet presented, has the entity disclosed the following information about loans within the scope of FASB ASC 310-30:			
<i>a.</i> Separately for both those loans that are accounted for as debt securities and those loans that are not accounted for as debt securities,			
<i>i.</i> the outstanding balance and related carrying amount at the beginning and end of the period?	_____	_____	_____
<i>ii.</i> the amount of accretable yield at the beginning and end of the period, reconciled for additions, accretion, disposals of loans, and reclassifications to or from nonaccretable difference during the period?	_____	_____	_____
<i>iii.</i> for loans acquired during the period, the contractually required payments receivable, cash flows expected to be collected, and fair value at the acquisition date?	_____	_____	_____
<i>iv.</i> for those loans within the scope of FASB ASC 310-30 for which the income recognition model is not applied in accordance with FASB ASC 310-30-35-3, the carrying amount at the acquisition date for loans acquired during the period and the carrying amount of all loans at the end of the period?	_____	_____	_____
<i>b.</i> Further, for those loans that are not accounted for as debt securities, has the entity disclosed			
<i>i.</i> the amount of (a) any expense recognized pursuant to FASB ASC 310-30-35-10(a) and (b) any reductions of the allowance recognized pursuant to FASB ASC 310-30-35-10(b)(1) for each period for which an income statement is presented?	_____	_____	_____
<i>ii.</i> the amount of the allowance for uncollectible accounts at the beginning and end of the period? [FASB ASC 310-30-50-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
20. Has the entity considered reporting premiums due as assets? [AAG-LHI table 3-1]	_____	_____	_____
21. Has the entity considered offsetting deferred premiums against liabilities for future policy benefits? [AAG-LHI table 3-1]	_____	_____	_____
E. Reinsurance Receivables			
1. Are the following disclosed in relation to ceded insurance transactions:			
a. Nature of the transaction(s)?	_____	_____	_____
b. Purpose of the transaction(s)?	_____	_____	_____
c. Effect of the transaction(s) on the entity's operations?	_____	_____	_____
d. The fact that the insurer is not relieved of its primary obligation to the policyholder in a reinsurance transaction? [FASB ASC 944-20-50 par. 3-4]	_____	_____	_____

Practice Tip

Although amounts recoverable on unasserted claims should be reported as reinsurance receivables, separate presentation or disclosure of various types of receivables is not precluded. In addition, separate presentation or disclosure of servicing carrier activity is not precluded.

[FASB ASC 944-20-50 par. 5-6]

2. Are the following disclosed for short-duration reinsurance contracts on both a written and an earned basis:			
a. Premiums from direct business?	_____	_____	_____
b. Reinsurance assumed?	_____	_____	_____
c. Reinsurance ceded? [FASB ASC 944-605-50-1]	_____	_____	_____
3. Are the following disclosed for long-duration reinsurance contracts:			
a. Premiums and amounts assessed against policyholders from direct business?	_____	_____	_____
b. Reinsurance assumed?	_____	_____	_____
c. Reinsurance ceded?	_____	_____	_____
d. Premiums and amounts earned? [FASB ASC 944-605-50-1]	_____	_____	_____
4. Has the entity disclosed the amounts of premiums, claims and expenses in the underwriting account for each balance sheet presented? [FASB ASC 944-605-50-1]	_____	_____	_____
5. For foreign reinsurance accounted for by the open year method, has the entity disclosed all of the following for each period for which an income statement is presented:			
a. The amounts of premiums, claims, and expenses recognized as income on closing underwriting balances?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>b.</i> The additions to underwriting balances for the year for reported premiums, claims and expenses? [FASB ASC 944-605-50-1]</p>	_____	_____	_____
<p>6. Are the methods used for income recognition on reinsurance contracts disclosed? [FASB ASC 944-605-50-1]</p>	_____	_____	_____
<p>7. Has an entity participating in ceding transactions reported an estimated reinsurance receivable arising from those contracts described in FASB ASC 944-310-25-2 separately as an asset? [FASB ASC 944-310-45-5]</p>	_____	_____	_____
<p>8. Are amounts receivable and payable between the ceding entity and an individual reinsurer offset only when a right of offset exists as defined in subtopic 210-20? [FASB ASC 944-310-45-7]</p>	_____	_____	_____
<p>9. Are the amounts of earned premiums ceded and recoveries recognized under reinsurance contracts reported in the statements of earnings as separate line items or disclosed in the notes? [FASB ASC 944-605-50-1]</p>	_____	_____	_____
F. Deposit Accounting			
<p>1. Has the following information regarding the changes in the recorded amount of the deposit arising from an insurance or reinsurance contract that transfers only significant underwriting risk been disclosed:</p>			
<p><i>a.</i> The present values of initial expected recoveries that will be reimbursed under the insurance or reinsurance contracts that have been recorded as an adjustment to incurred losses?</p>	_____	_____	_____
<p><i>b.</i> Any adjustment of amounts initially recognized for expected recoveries? (The individual components of the adjustment [meaning interest accrual, the present value of additional expected recoveries, and the present value of reductions in expected recoveries] should be disclosed separately.)</p>	_____	_____	_____
<p><i>c.</i> The amortization expense attributable to the expiration of coverage provided under the contract? [FASB ASC 340-30-50-2]</p>	_____	_____	_____
G. Investments Accounted for by the Equity Method			
<p>1. Has the entity made the following disclosures for investments in common stock accounted for by the equity method:</p>			
<p><i>a.</i> The name of each investee and their percentage of ownership of common stock?</p>	_____	_____	_____
<p><i>b.</i> The accounting policies of the investor with respect to investments in common stock?</p>	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
c.	The difference between the amount at which an investment is carried and the amount of underlying equity in net assets, and the accounting treatment of this difference?	_____	_____	_____
d.	For investments in common stock for which a quoted market price is available, the aggregate value of each identified investment based on the quoted market price? (This is not required for investments in common stock of subsidiaries.)	_____	_____	_____
e.	For investments in common stock, corporate joint ventures, or other investments which are in the aggregate material in relation to the financial position or results of operations of an investor, summarized information as to assets, liabilities, and results of operation of the investees as appropriate?	_____	_____	_____
f.	Material effects of conversions of outstanding convertible securities, exercises or contingent issuances? [FASB ASC 323-10-50-3]	_____	_____	_____
2.	If the entity holds 20 percent or more of the voting stock of a significant investee corporation but does not account for the investment using the equity method, are the following disclosed:			
a.	The name of such investee?	_____	_____	_____
b.	The reasons why the equity method is not considered appropriate? [FASB ASC 323-10-50-3(a)(2)]	_____	_____	_____
3.	If the entity holds less than 20 percent of the voting stock of a significant investee corporation and accounts for the investment using the equity method, are the following disclosed:			
a.	The name of such investee?	_____	_____	_____
b.	The reasons why the equity method is considered appropriate? [FASB ASC 323-10-50-3(a)(2)]	_____	_____	_____
4.	Upon loss of significant influence, has the investor recorded the proportionate share of an investee's equity adjustments for OCI as offset against the carrying value of the investment at the time significant influence is lost? [FASB ASC 323-10-35-39]	_____	_____	_____
5.	To the extent that the offset results in a carrying value of the investment that is less than zero, has the investor (a) reduced the carrying value of the investment to zero and (b) recorded the remaining balance in income? [FASB ASC 323-10-35-39]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Practice Tip			
FASB ASC 323-10-35-39 does not provide guidance for entities that have historically not recorded their proportionate share of an investee's equity adjustments for OCI. These entities should refer to the correction-of-error guidance in FASB ASC 250-10-45-2. [FASB ASC 323-10-35-39]			
6. When previous losses have reduced the common stock investment account to zero (as discussed in paragraphs 27–28 of FASB ASC 323-10-35), is the selected policy disclosed for determining the amount of equity losses? [Common Practice]	_____	_____	_____
7. Has the life insurance entity considered disclosing any contingent obligations or commitments for additional funding or guarantees of obligations of the investee? [AAG-LHI 11.112]	_____	_____	_____
H. Property and Equipment			
1. For depreciable assets, do the financial statements include disclosure of			
a. depreciation expense for each period?	_____	_____	_____
b. balances of major classes of depreciable assets by nature or function?	_____	_____	_____
c. accumulated depreciation, either by major classes of assets or in total?	_____	_____	_____
d. the method or methods used in computing depreciation for each major class of depreciable assets? [FASB ASC 360-10-50-1]	_____	_____	_____
2. Is real estate that is acquired in settling claims separately reported in the balance sheet and not classified as an investment? [FASB ASC 944-360-45-1]	_____	_____	_____
I. Deferred Income Tax Assets and Liabilities			
1. Are the components of the net deferred tax liability or asset recognized in the balance sheet disclosed as follows:			
a. The total of all deferred tax liabilities (measured as described in FASB ASC 740-10-30-5(b))?	_____	_____	_____
b. The total of all deferred tax assets (measured as described in (c) and (d) of FASB ASC 740-10-30-5)?	_____	_____	_____
c. The total valuation allowance recognized for deferred tax assets (measured as described in FASB ASC 740-10-30-5(e))? [FASB ASC 740-10-50-2]	_____	_____	_____
2. Is the net change during the year in the valuation allowance disclosed? [FASB ASC 740-10-50-2]	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
3.	Are deferred tax assets and liabilities classified as current or noncurrent based on the classification of the related asset or liability? [FASB ASC 740-10-45-4]	_____	_____	_____
4.	Are deferred tax assets not related to an asset or liability for financial reporting (see paragraphs 25–26 of FASB ASC 740-10-25), including those related to carryforwards, classified according to the expected reversal date of the temporary difference? [FASB ASC 740-10-45-9]	_____	_____	_____
5.	For each particular tax-paying component of the reporting entity and within each particular tax jurisdiction:			
a.	Are all current deferred tax liabilities and assets offset and presented as a single amount?	_____	_____	_____
b.	Are all noncurrent deferred tax liabilities and assets offset and presented as a single amount? [FASB ASC 740-10-45-6]	_____	_____	_____
6.	Is the valuation allowance for each particular tax jurisdiction allocated between current and noncurrent deferred tax assets for that jurisdiction on a pro rata basis? [FASB ASC 740-10-45-5]	_____	_____	_____
7.	<i>(Issuers Only)</i> Has the entity disclosed the types of temporary differences and carryforwards that give rise to a significant portion of deferred tax liabilities and deferred tax assets (before valuation allowances) and if the entity is not subject to income taxes because its income is taxed directly to its owners, is that fact and the net difference between the tax bases and reported amounts of the enterprises' assets and liabilities disclosed? [FASB ASC 740-10-50 par. 6–7 and 16]	_____	_____	_____
8.	<i>(Nonissuers Only)</i> Has the entity disclosed the types of temporary differences and carryforwards that give rise to a significant portion of deferred tax liabilities and deferred tax assets (before valuation allowances)? [FASB ASC 740-10-50-8]	_____	_____	_____
9.	Is the following information disclosed if a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes for any of the areas addressed by FASB ASC 740-10-25:			
a.	A description of the types of temporary differences for which a deferred tax liability has not been recognized and the types of events that would cause those temporary differences to become taxable?	_____	_____	_____
b.	The cumulative amount of each type of temporary difference?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. The amount of the deferred tax liability for temporary differences other than the policyholders' surplus of a life insurance entity that is not recognized in accordance with the provisions of FASB ASC 740-10-25-3? [FASB ASC 944-740-50-1]	_____	_____	_____
J. Other Assets and Deferred Charges			
1. Has the entity made the following disclosures for computer software to be sold, leased, or otherwise marketed:			
a. The amount of unamortized computer software costs included in each balance sheet presented? [FASB ASC 985-20-50-1(a)]	_____	_____	_____
b. The amount charged to expense for amortization of these costs and for amounts written down to net realizable value disclosed in each income statement presented? [FASB ASC 985-20-50-1(b)]	_____	_____	_____
c. The amount of research and development expense incurred for computer software to be sold, leased, or otherwise marketed charged to expense in each period for which an income statement is presented? [FASB ASC 985-20-50-2; FASB ASC 730-10-50-1]	_____	_____	_____
2. Is any payment by an S Corporation to the IRS to retain its fiscal year for tax purposes classified as an asset (deposit)? [FASB ASC 740-10-55-71]	_____	_____	_____
3. Have investments in life insurance been reported at amounts that can be realized as of the statement-of-financial-position date and calculated in accordance with FASB ASC 325-30? [FASB ASC 325-30-35-1]	_____	_____	_____
4. Are investments in life insurance reported using one of the following measurements:			
a. Transaction price plus all initial direct external costs, which is then tested for impairment? [FASB ASC 325-30-30-1C; FASB ASC 325-30-35-10]	_____	_____	_____
b. Fair value? [FASB ASC 325-30-30-2; FASB ASC 325-30-35-12]	_____	_____	_____
5. If the entity chooses to report using measurement (a) or (b) in question 4, do the financial statements include all of the following disclosures required by FASB ASC 325-30-45 and FASB ASC 325-30-50 in questions 6–16?	_____	_____	_____
Presentation on the Statement of Financial Position			
6. To accomplish separate reporting, has the entity reported its investments that are remeasured at fair value on the face of the statement of financial position separately from those accounted for under the investment method by			
a. displaying separate line items on the statement of financial position for the fair value method and investment method carrying amounts?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>b. presenting the aggregate of those fair value method and investment method carrying amounts and parenthetically disclose the amount of those investments accounted for under the fair value method included in the aggregate amount? [FASB ASC 325-30-45-1]</p>	_____	_____	_____
<i>Presentation in the Income Statement</i>			
<p>7. To accomplish separate reporting, has the entity reported the investment income from its investments in life settlement contracts that are remeasured at fair value on the face of the income statement separately from the investment income from those accounted for under the investment method by</p> <p>a. displaying separate line items on the income statement for the investment income from the investments in life settlement contracts that are accounted for under the fair value method and investment method?</p> <p>b. presenting the aggregate of the investment income in life settlement contracts and parenthetically disclose the investment income from those investments accounted for under the fair value method that are included in the aggregate amount? [FASB ASC 325-30-45-2]</p>	_____	_____	_____
<i>Presentation in the Statement of Cash Flows</i>			
<p>8. Has the entity classified cash receipts and cash payments related to life settlement contracts pursuant to FASB ASC 230, <i>Statement of Cash Flows</i>, based on the nature and purpose for which the life settlements were acquired? [FASB ASC 325-30-45-3]</p>	_____	_____	_____
<i>Disclosure Requirements</i>			
<p>9. Has the entity disclosed its accounting policy for life settlement contracts including the classification of cash receipts and cash disbursements in statement of cash flows? (Note: The disclosure requirements in FASB ASC 325-30-50 do not eliminate disclosure requirements included in elsewhere in FASB ASC, including other disclosure requirements on the use of fair value.) [FASB ASC 325-30-50 par. 2–3]</p>	_____	_____	_____
<i>Investment Method</i>			
<p>10. Has the entity disclosed the following for life settlements contracts accounted for under the investment method based on the remaining life expectancy for each of the first five succeeding years from the date of the statement of financial position and thereafter, as well as in the aggregate:</p> <p>a. The number of life settlement contracts?</p> <p>b. The carrying value of the life settlement contracts?</p> <p>c. The face value (death benefits) of the life insurance policies underlying the contracts? [FASB ASC 325-30-50-4]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
11. Has the entity disclosed the life insurance premiums anticipated to be paid for each of the five succeeding fiscal years to keep the life settlement contracts in force as of the date of the most recent statement of financial position presented? [FASB ASC 325-30-50-5]	_____	_____	_____
12. If the entity becomes aware of new or updated information that causes it to change its expectations on the timing of the realization of proceeds from the investments in life settlement contracts, has the investor disclosed the nature of the information and the related effect on the timing of the realization of proceeds from the life settlement contracts, including disclosing significant changes to the amounts disclosed in accordance with FASB ASC 325-30-50-4? (<i>Note:</i> The investor is required to actively seek out new or updated information to update the assumptions used in determining the remaining life expectancy of the life settlement contracts.) [FASB ASC 325-30-50-6]	_____	_____	_____
<i>Fair Value Method</i>			
13. Has the entity disclosed the method(s) and significant assumptions used to estimate the fair value of investments in life settlement contracts, including any mortality assumptions? [FASB ASC 325-30-50-7]	_____	_____	_____
14. Has the entity disclosed the following for life settlement contracts accounted for under the fair value method based on remaining life expectancy for each of the first five succeeding years from the date of the statement of financial position and thereafter, as well as in the aggregate:			
a. The number of life settlement contracts?	_____	_____	_____
b. The carrying value of the life settlement contracts?	_____	_____	_____
c. The face value (death benefits) of the life insurance policies underlying the contracts? [FASB ASC 325-30-50-8]	_____	_____	_____
15. Has the entity disclosed the reasons for changes in its expectation of the timing of the realization of the investments in life settlement contracts, including disclosing significant changes to the amounts disclosed in accordance with FASB ASC 325-30-50-8? [FASB ASC 325-30-50-9]	_____	_____	_____
16. Has the investor disclosed the following for each reporting period presented in the income statement:			
a. The gains or losses recognized during the period on investments sold during the period?	_____	_____	_____
b. The unrealized gains or losses recognized during the period on investments that are still held at the date of the statement of financial position? [FASB ASC 325-30-50-10]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Other Matters</i>			
17. Has the policyholder disclosed when contractual restrictions on the ability to surrender a policy exist? [FASB ASC 325-30-50-1]	_____	_____	_____
K. Intangible Assets and Goodwill			

Notes: In April 2008, FASB issued FSP FAS 142-3 to improve the consistency between the useful life of a recognized intangible asset under FASB Statement No. 142 and the period of expected cash flows used to measure the fair value of the asset under FASB Statement No. 141(R) and other U.S. GAAP. This FSP applies to recognized intangible assets that are accounted for pursuant to FASB Statement No. 142 and applies regardless of the nature of the transaction that resulted in the recognition of the intangible asset, that is, whether acquired in a business combination or otherwise.

Among other significant provisions, FSP FAS 142-3 provides that, in determining the useful life of the intangible asset for amortization purposes, an entity should consider the period of expected cash flows used to measure the fair value of the recognized intangible asset, adjusted for the entity-specific factors in paragraph 11 of FASB Statement No. 142. This FSP contains several disclosures requirements in addition to the required disclosures in paragraphs 44–45 of FASB Statement No. 142, including information that enables users of financial statements to assess the extent to which the expected future cash flows associated with the intangible asset are affected by the entity's intent or ability to renew or extend the arrangement, or both.

FSP FAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, (that is, January 1, 2009, for entities with calendar year-ends), and interim periods within those fiscal years. Early adoption is prohibited.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 142-3.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

___A ___B

Readers can refer to the full text of the FSP on the FASB Web site at www.fasb.org.

(continued)

Yes No N/A

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 350-10-65-1.

In December 2007, FASB issued Statement No. 141(R) to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. FASB Statement No. 141(R) supersedes FASB Statement No. 141 but retains the fundamental requirements in FASB Statement No. 141 that the acquisition method of accounting (formerly called the purchase method in FASB Statement No. 141) be used for all business combinations and that an acquirer be identified for each business combination.

Among many other significant amendments to existing pronouncements precipitated by FASB Statement No. 141(R), this statement redefines goodwill in FASB Statement No. 142 to mean an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

FASB Statement No. 141(R) applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquiree), including those sometimes referred to as *true mergers* or *mergers of equals* and combinations achieved without the transfer of consideration, for example, by contract alone or through the lapse of minority veto rights. This statement applies to all business entities, including mutual entities that previously used the pooling-of-interests method of accounting for some business combinations. It does not apply to the following:

- a. The formation of a joint venture
- b. The acquisition of an asset or a group of assets that does not constitute a business
- c. A combination between entities or businesses under common control
- d. A combination between not-for-profit entities or the acquisition of a for-profit business by a not-for-profit entity.

This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). An entity may not apply it before that date.

This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 141(R).

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guid-

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>ance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):</p> <p>—A —B</p> <p>Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.</p> <p>This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 805-10-65-1.</p>			

Practice Tip

Entities that report segment information in accordance with FASB ASC 280, *Segment Reporting*, should provide the following information about goodwill in total and for each reportable segment and should disclose any significant changes in the allocation of goodwill by reportable segment. If any portion of goodwill has not yet been allocated to a reporting unit at the date the financial statements are issued, that unallocated amount and the reasons for not allocating that amount should be disclosed.

[FASB ASC 350-20-50-1]

1.	Is the aggregate amount of goodwill presented as a separate line item in the statement of financial position? [FASB ASC 350-20-45-1]	_____	_____	_____
2.	Is the aggregate amount of goodwill impairment losses presented as a separate line item in the income statement before the subtotal <i>income from continuing operations</i> (or similar caption) unless a goodwill impairment loss is associated with a discontinued operation? [FASB ASC 350-20-45-2]	_____	_____	_____
3.	Is a goodwill impairment loss associated with a discontinued operation included (on a net-of-tax basis) within the results of discontinued operations? [FASB ASC 350-20-45-3]	_____	_____	_____
4A.	Has the entity disclosed any changes in the carrying amount of goodwill during the period, including the following (see example 3 in FASB ASC 350-20-55-24):			
a.	The aggregate amount of goodwill acquired?	_____	_____	_____
b.	The aggregate amount of impairment losses recognized?	_____	_____	_____
c.	The amount of goodwill included in the gain or loss on disposal of all or a portion of a reporting unit? [FASB ASC 350-20-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4B. (FASB Statement No. 141(R)) Has the entity disclosed any changes in the carrying amount of goodwill during the period, including the following, (see example 3 in FASC ASC 350-20-55-24):			
a. The gross amount and accumulated impairment losses at the beginning of the period?	_____	_____	_____
b. Additional goodwill recognized during the period, except goodwill included in a disposal group that, on acquisition, meets the criteria to be classified as held for sale in accordance with FASB ASC 360-10-45-9?	_____	_____	_____
c. Adjustments resulting from the subsequent recognition of deferred tax assets during the period in accordance with paragraphs 2–4 of FASB ASC 805-740-25 and FASB ASC 805-740-45-2?	_____	_____	_____
d. Goodwill included in a disposal group classified as held for sale in accordance with FASB ASC 360-10-45-9 and goodwill derecognized during the period without having previously been reported in a disposal group classified as held for sale?	_____	_____	_____
e. Impairment losses recognized during the period in accordance with FASB ASC 350-10?	_____	_____	_____
f. Net exchange differences arising during the period in accordance with FASB ASC 830, <i>Foreign Currency Matters</i> ?	_____	_____	_____
g. Any other changes in the carrying amounts during the period?	_____	_____	_____
h. The gross amount and accumulated impairment losses at the end of the period? [“Pending Content” in FASB ASC 350-20-50-1]	_____	_____	_____
5. For each goodwill impairment loss recognized, has the entity disclosed following information disclosed in the notes to the financial statement that include the period in which the impairment loss is recognized:			
a. A description of the facts and circumstances leading to the impairment?	_____	_____	_____
b. The amount of the impairment loss and the method of determining the fair value of the associated reporting unit (whether based on quoted market prices, prices of comparable businesses, a present value or other valuation technique, or a combination thereof)?	_____	_____	_____
c. If a recognized impairment loss is an estimate that has not yet been finalized (refer to paragraphs 18–19 of FASB ASC 350-20-35), that fact and the reasons therefore and, in subsequent periods, the nature and amount of any significant adjustments made to the initial estimate of the impairment loss? [FASB ASC 350-20-50-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. At a minimum, are all intangible assets aggregated and presented as a separate line item in the statement of financial position? (This requirement does not preclude presentation of individual intangible assets or classes of intangible assets as separate line items.) [FASB ASC 350-30-45-1]	_____	_____	_____
7. Are amortization expense and impairment losses for intangible assets presented in income statement line items within continuing operations as deemed appropriate for each entity? [FASB ASC 350-30-45-2]	_____	_____	_____

Practice Tips

The information in question 8A also should be disclosed separately for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively if the aggregate fair values of intangible assets acquired, other than goodwill, are significant.
[“Pending Content” in FASB ASC 350-30-50-1]

(FSP FAS 142-3) For intangible assets acquired either individually or with a group of assets (in either an asset acquisition or business combination) and recognized under FASB Statement No. 142, the following disclosure should be made in addition to those in question 8B:

- For intangible assets with renewal or extension terms, the weighted-average period before the next renewal or extension (both explicit and implicit), by major intangible asset class.

[“Pending Content” in FASB ASC 350-30-50-1]

8A. For intangible assets acquired either individually or with a group of assets, has the entity disclosed all of the following in the notes to financial statements in the period of acquisition:			
a. For intangible assets subject to amortization, all of the following:			
i. The total amount assigned and the amount assigned to any major intangible asset class?	_____	_____	_____
ii. The amount of any significant residual value, in total and by major intangible asset class?	_____	_____	_____
iii. The weighted-average amortization period, in total and by major intangible asset class?	_____	_____	_____
b. For intangible assets not subject to amortization, the total amount assigned and the amount assigned to any major intangible asset class?	_____	_____	_____
c. The amount of research and development assets acquired and written off in the period and the line item in the income statement in which the amounts written off are aggregated? [FASB ASC 350-30-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8B. (FSP FAS 142-3) For intangible assets acquired either individually or with a group of assets (in either an asset acquisition or business combination), has the entity disclosed all of the following in the notes to financial statements in the period of acquisition:			
a. For intangible assets subject to amortization, all of the following:			
i. The total amount assigned and the amount assigned to any major intangible asset class?	_____	_____	_____
ii. The amount of any significant residual value, in total and by major intangible asset class?	_____	_____	_____
iii. The weighted-average amortization period, in total and by major intangible asset class?	_____	_____	_____
b. For intangible assets not subject to amortization, the total amount assigned and the amount assigned to any major intangible asset class?	_____	_____	_____
c. The amount of research and development assets acquired and written off in the period and the line item in the income statement in which the amounts written off are aggregated?	_____	_____	_____
d. For intangible assets with renewal or extension terms, the weighted-average period before the next renewal or extension (both explicit and implicit), by major intangible asset class? ["Pending Content" in FASB ASC 350-30-50-1]	_____	_____	_____
9A. Has the entity disclosed the following information in the financial statements or the notes to financial statements for each period for which a statement of financial position is presented:			
a. For intangible assets subject to amortization, all of the following:			
i. The gross carrying amount and accumulated amortization, in total and by major intangible asset class?	_____	_____	_____
ii. The aggregate amortization expense for the period?	_____	_____	_____
iii. The estimated aggregate amortization expense for each of the five succeeding fiscal years?	_____	_____	_____
b. For intangible assets not subject to amortization, the total carrying amount and the carrying amount for each major intangible asset class? [FASB ASC 350-30-50-2]	_____	_____	_____
9B. (FSP FAS 142-3) Has the entity disclosed the following information in the financial statements or the notes to financial statements for each period for which a statement of financial position is presented:			

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
a.	For intangible assets subject to amortization, all of the following:			
i.	The gross carrying amount and accumulated amortization, in total and by major intangible asset class?	_____	_____	_____
ii.	The aggregate amortization expense for the period?	_____	_____	_____
iii.	The estimated aggregate amortization expense for each of the five succeeding fiscal years?	_____	_____	_____
b.	For intangible assets not subject to amortization, the total carrying amount and the carrying amount for each major intangible asset class?	_____	_____	_____
c.	The entity's accounting policy on the treatment of costs incurred to renew or extend the term of a recognized intangible asset?	_____	_____	_____
d.	For intangible assets that have been renewed or extended in the period for which a statement of financial position is presented, both of the following:			
i.	For entities that capitalize renewal or extension costs, the total amount of costs incurred in the period to renew or extend the term of a recognized intangible asset, by major intangible asset class?	_____	_____	_____
ii.	The weighted-average period before the next renewal or extension (both explicit and implicit), by major intangible asset class? [“Pending Content” in FASB ASC 350-30-50-2]	_____	_____	_____
10.	For each impairment loss recognized related to an intangible asset, is the following information disclosed in the notes to the financial statements that include the period in which the impairment loss is recognized:			
a.	A description of the impaired intangible asset and the facts and circumstances leading to the impairment?	_____	_____	_____
b.	The amount of the impairment loss and the method for determining fair value?	_____	_____	_____
c.	The caption in the income statement in which the impairment loss is aggregated?	_____	_____	_____
d.	If applicable, the segment in which the impaired intangible asset is reported under FASB ASC 280, <i>Segment Reporting</i> ? [FASB ASC 350-30-50-3]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
11B. (FSP FAS 142-3) For recognized intangible assets, has the entity disclosed information that enables users of financial statements to assess the extent to which the expected future cash flows associated with the asset are affected by the entity's intent or ability (or both intent and ability) to renew or extend the arrangement? ["Pending Content" in FASB ASC 350-30-50-4]	_____	_____	_____
L. Separate Account Assets			
1. Are separate account assets reported as summary totals in the financial statements? [FASB ASC 944-80-45-1]	_____	_____	_____
2. Has the insurance entity disclosed the following information regarding separate accounts:			
a. The general nature of the contracts reporting in separate accounts, including the extent and terms of minimum guarantees?	_____	_____	_____
b. The basis of presentation for separate account assets and liabilities and related separate account activity?	_____	_____	_____
c. The aggregate fair value of assets, by major investment asset category, supporting separate accounts with additional insurance benefits and minimum investment return guarantees as of each date for which a statement of financial position is presented?	_____	_____	_____
d. The amount of gains and losses recognized on assets transferred to separate accounts for the periods presented?	_____	_____	_____
e. A description of the liability valuation methods and assumptions used in estimating the liabilities for additional insurance benefits and minimum guarantees?	_____	_____	_____
f. All of the following amounts related to minimum guarantees:			
i. The separate account liability balances subject to various types of benefits, for example: (1) Guaranteed minimum death benefit (2) Guaranteed minimum income benefit (3) Guaranteed minimum accumulation benefit?	_____	_____	_____
ii. Disclosures within the categories of benefits identified in (f)(i) for the types of guarantees provided, such as: (1) return of net deposit (2) return of net deposits accrued at a stated rate (3) return of highest anniversary value?	_____	_____	_____
iii. The amount of liability reported for additional insurance benefits, annuitization benefits and other minimum guarantees, by type of benefit for the most recent balance sheet date?	_____	_____	_____
iv. The incurred and paid amounts related to (f)(iii) for all periods presented?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>v. For contracts for which an additional liability is disclosed in (f)(iii), the net amount at risk and weighted average attained age of contract holders?</p> <p>[FASB ASC 944-80-50-1]</p>	_____	_____	_____
<p>3. If the separate account arrangement meets all of the following conditions, have the portion of separate account assets representing contract holder funds been measured at fair value and reported in the insurance entity's financial statements as a summary total, with an equivalent summary total reported for related liabilities:</p>			
<p>a. The separate account is legally recognized (that is, the separate account is established, approved, and regulated under special rules such as state insurance laws, federal securities laws, or similar foreign laws)?</p>	_____	_____	_____
<p>b. The separate account assets supporting the contract liabilities are legally insulated from the general account liabilities of the insurance entity (that is, the contract holder is not subject to insurer default risk to the extent of the assets held in the separate account)?</p>	_____	_____	_____
<p>c. The insurer must, as a result of contractual, statutory, or regulatory requirements, invest the contract holder's funds within the separate account as directed by the contract holder in designated investment alternatives or in accordance with specific investment objectives or policies?</p>	_____	_____	_____
<p>d. All investment performance, net of contract fees and assessments, must as a result of contractual, statutory, or regulatory requirements be passed through to the individual contract holder? Contracts may specify conditions under which there may be a minimum guarantee, but not a ceiling, because a ceiling would prohibit all investment performance from being passed through to the contract holder.</p> <p>[FASB ASC 944-80-45-2 and 944-80-25-2]</p>	_____	_____	_____
<p>4. For the portion of separate account arrangements meeting the preceding criteria, the related investment performance (including interest, dividends, realized gains and losses, and changes in unrealized gains and losses) and the corresponding amounts credited to the contract holder are offset within the same statement of operations line item, netting to zero?</p> <p>[FASB ASC 944-80-45-3]</p>	_____	_____	_____
M. Deferred Acquisition Costs			
<p>1. Are the following disclosed related to deferred acquisition costs?</p>			
<p>a. The nature of the acquisition costs capitalized?</p>	_____	_____	_____
<p>b. The method of amortizing capitalized acquisition costs?</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. The amount of acquisition costs amortized for the period? [FASB ASC 944-30-50-1]	_____	_____	_____
N. Policy Liabilities			
1. Is the basis for estimating the liabilities for unpaid claims and claim adjustment expenses disclosed? [FASB ASC 944-40-50-1]	_____	_____	_____
2. Are the methods and assumptions used in estimating the liability for future policy benefits and the average rate of assumed investment yields in effect for the current year disclosed? [FASB ASC 944-40-50 par. 6–8]	_____	_____	_____
3. Is the carrying amount of liabilities for unpaid claims and claim adjustment expenses relating to short-duration contracts that are presented at present value in the financial statements and the range of interest rates used to discount those liabilities disclosed? [FASB ASC 944-40-50-5]	_____	_____	_____
4. For each fiscal year for which an income statement is presented, is the following information about the liability for unpaid claims and claim adjustment expenses disclosed:			
a. The balance in the liability for unpaid claims and claim adjustment expenses at the beginning and end of the period presented with, if net balances are presented, separate disclosure of the related amount of reinsurance recoverable?	_____	_____	_____
b. Incurred claims and claim adjustment expenses with separate disclosure of the provision of insured events of the current period and for increases or decreases in the provision for insured events of prior fiscal years?	_____	_____	_____
c. Payments of claims and claim adjustment expenses with separate disclosure of payments of claims and claim adjustment expenses attributable to insured events of the current fiscal year and to insured events of the prior period? [FASB ASC 944-40-50-3]	_____	_____	_____
5. If changes in incurred claims and claim adjustment expenses recognized in the income statement are attributable to insured events of prior periods, are the following disclosed in the financial statements:			
a. The reasons for the change?	_____	_____	_____
b. Whether additional premiums or return premiums have been accrued as a result of the prior-period effects? [FASB ASC 944-40-50-3(d)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. Whether the entity considers anticipated investment income in determining if a premium deficiency relating to short-duration contracts exists disclosed? [FASB ASC 944-60-50-1]	_____	_____	_____
7. For participating insurance, does disclosure include			
a. the relative percentage of participating insurance?	_____	_____	_____
b. the method of accounting for policyholders' dividends?	_____	_____	_____
c. the amount of dividends?	_____	_____	_____
d. the amount of any additional income allocated to participating policyholders? [FASB ASC 944-50-50-1]	_____	_____	_____
8. Are annual policyholder dividends reported separately as an expense in the statement of income? [FASB ASC 944-50-45-1]	_____	_____	_____
9. Are the following disclosed in the financial statements with respect to participating contracts:			
a. The methods and assumptions used in estimating the liability for future policy benefits?	_____	_____	_____
b. The average rate of assumed investment yields used in estimating expected gross margins?	_____	_____	_____
c. The nature of acquisition costs capitalized, the method of amortizing those costs, and the amount of those costs amortized for the period? [FASB ASC 944-30-50-2 and FASB ASC 944-40-50-8]	_____	_____	_____

O. Current Liabilities**Practice Tip**

The SEC requires that public entities disclose separately significant categories of debt such as those in question 1 [Regulation S-X, Article 5]. Although not required for nonpublic entities, such separate disclosure is common practice.

1. Are significant categories of current liabilities, such as accounts payable, accrued expenses, deferred revenue, interest payable, and amounts due to officers and employees segregated and presented separately? [Common Practice]	_____	_____	_____
2. If a classified balance sheet is presented, is a total for current liabilities shown? [FASB ASC 210-10-45-5]	_____	_____	_____
3. Are short term obligations expected to be refinanced reclassified to long term liabilities? [FASB ASC 470-10-45-13]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. If the reporting entity has not accrued compensated absences (FASB ASC 710, <i>Compensation—General</i> , including sabbatical leaves described in the FASB ASC glossary and FASB ASC 710-10-25-5) because the amount cannot be reasonably estimated, is that fact disclosed? [FASB ASC 710-10-50-1]	_____	_____	_____
5. Are borrowings outstanding under revolving credit agreements that include both a subjective acceleration clause and a requirement to maintain a lock-box arrangement, whereby remittances from the borrower's customers reduce the debt outstanding, classified as short term obligations? [FASB ASC 470-10-45-5]	_____	_____	_____
P. Notes Payable and Other Debt			
1. Are major categories of debt (notes payable to banks, mortgages payable, notes to related parties) identified on the balance sheet or in the notes to the financial statements? [Common Practice]	_____	_____	_____
2. Are interest rates, maturities, conversion features, and other significant terms (for example, subordinated features) of long term debt disclosed? [FASB ASC 470-10-50-5]	_____	_____	_____
3. Are terms and conditions provided in loan agreements and bond indentures (such as assets pledged as collateral and covenants to reduce debt, maintain working capital, and restrict dividends) disclosed? [FASB ASC 440-10-50-1]	_____	_____	_____

Practice Tip

Some long term loans require compliance with certain covenants that must be met on a quarterly or semi-annual basis. If a covenant violation occurs that would otherwise give the lender the right to call the debt, a lender may waive its call right arising from the current violation for a period greater than one year while retaining future covenant requirements. Unless facts and circumstances indicate otherwise, the borrower should classify the obligation as noncurrent, unless both of the following conditions exist:

- A covenant violation that gives the lender the right to call the debt has occurred at the balance sheet date or would have occurred absent a loan modification.
- It is probable that the borrower will not be able to cure the default (comply with the covenant) at measurement dates that are within the next 12 months.

See example 1 in FASB ASC 470-10-55-2 for an illustration of this classification guidance.
[FASB ASC 470-10-45-1]

- | | | | |
|---|-------|-------|-------|
| 4. Has the entity disclosed the following for each of the five years following the latest balance sheet presented: | | | |
| a. The aggregate amount of payments for unconditional purchase obligations that meet the criteria set forth in FASB ASC 440-10-50-2 and that have been recognized in the purchaser's balance sheet? | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>b.</i> The combined aggregate amount of maturities and sinking fund requirements for all long term borrowings? [FASB ASC 440-10-50-4; FASB ASC 470-10-50-1]</p>	_____	_____	_____
<p>5. If a note is noninterest bearing or has an inappropriate stated interest rate,</p>			
<p><i>a.</i> is the discount or premium presented as a direct deduction from or addition to the face amount of the note?</p>	_____	_____	_____
<p><i>b.</i> is the effective interest rate disclosed?</p>	_____	_____	_____
<p><i>c.</i> is the face amount of the note disclosed?</p>	_____	_____	_____
<p><i>d.</i> is amortization of the discount or premium reported as interest in the income statement?</p>	_____	_____	_____
<p><i>e.</i> are issue costs reported as deferred charges? [FASB ASC 835-30-45 par. 1A and 2-3]</p>	_____	_____	_____
<p>6. Are current portions of debt obligations presented as current liabilities? [FASB ASC 210-10-45-9]</p>	_____	_____	_____
<p>7. If short term obligations have been excluded from current liabilities pursuant to FASB ASC 470-10-45-14, do disclosures include</p>			
<p><i>a.</i> a general description of the financing agreement?</p>	_____	_____	_____
<p><i>b.</i> terms of any new obligation incurred or expected to be incurred, or equity securities issued, or expected to be issued, as a result of the refinancing? [FASB ASC 470-10-50-4]</p>	_____	_____	_____
<p>8. Are long term debt agreements subject to a subjective acceleration clause disclosed unless the likelihood of the acceleration of the due date is remote? [FASB ASC 470-10-45-2; FASB ASC 470-10-50-3]</p>	_____	_____	_____
<p>9. Are long term obligations that are or will be callable by the creditor, either because the debtor's violation of the debt agreement at the balance-sheet date makes the obligation callable or because the violation, if not cured within a specified grace period, will make the obligation callable, classified as current unless either of the following conditions is met:</p>			
<p><i>a.</i> The creditor has waived or subsequently lost the right to demand repayment for more than one year (or operating cycle, if longer) from the balance-sheet date?</p>	_____	_____	_____
<p><i>b.</i> The obligation contains a grace period within which the debtor may cure the violation, and it is probable that the violation will be cured within that period, thus preventing the violation from becoming callable? [FASB ASC 470-10-45-11]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
10. If an obligation under question 9 is included in long term liabilities (or in the case of an unclassified balance sheet is included as a long term liability in the disclosure of debt maturities), are the circumstances disclosed? [FASB ASC 470-10-50-2]	_____	_____	_____
11. If the reporting entity has borrowed funds in the form of participating mortgage loans, are the following disclosed in the financial statements:			
a. The aggregate amount of participating mortgage obligations at the balance-sheet date, with separate disclosure of the aggregate participation liabilities and related debt discounts?	_____	_____	_____
b. Terms of the participations by the lender in either the appreciation in the market value of the mortgaged real estate project or the results of operations of the mortgaged real estate project, or both? [FASB ASC 470-30-50-1]	_____	_____	_____
12. For insurance-related assessments,			
a. if amounts relating to insurance-related assessments have been discounted pursuant to the provisions of paragraphs 9–10 of FASB ASC 405-30-30, has the entity disclosed in the financial statements the undiscounted amounts of the liability and any related asset for premium tax offsets or policy surcharges as well as the discount rate used?	_____	_____	_____
b. if amounts have not been discounted, has the entity disclosed in the financial statements the amounts of the liability, any related asset for premium tax offsets or policy surcharges, the periods over which the assessments are expected to be paid, and the period over which the recorded premium tax offsets or policy surcharges are expected to be realized? [FASB ASC 405-30-50-1]	_____	_____	_____

Practice Tip

Disclosure is not required for a loss contingency involving an unasserted claim or assessment if there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless both of the following conditions are met:

- It is considered probable that a claim will be asserted.
- There is a reasonable possibility that the outcome will be unfavorable.

Further, disclosure of noninsured or underinsured risks is encouraged but not required.
[FASB ASC 450-20-50 par. 6–7]

The Basis for Conclusions of the original standard (FASB Statement No. 5, *Accounting for Contingencies*) indicated that disclosure was not required because of the problems involved in developing operational criteria for disclosure of noninsured or underinsured risks. Nonetheless, a 1987 AICPA report, *Disclosure Concerning Insurance Coverage*, stated that disclosure of these risks should be encouraged rather than simply not discouraged. Questions 13–14 that follow are nonauthoritative suggestions from that report. The AICPA noted

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
that disclosure of this kind is experimental. Therefore, its location in a financial report would depend on the judgment of preparers of the report.			
13. For publicly held entities and entities with public accountability, such as governments, are circumstances disclosed in which			
a. they are exposed to risks of future material loss related to			
i. torts?	_____	_____	_____
ii. theft of, damage to, expropriation of, or destruction of assets?	_____	_____	_____
iii. business interruption?	_____	_____	_____
iv. errors or omissions?	_____	_____	_____
v. injuries to employees?	_____	_____	_____
vi. acts of God?	_____	_____	_____
b. those risks have not been transferred to unrelated third parties through insurance? (<i>Encouraged, but not required.</i>)	_____	_____	_____
14. In considering those matters to be disclosed that relate to certain uninsured risks of future material loss as described in FASB ASC 720-20, has the entity considered the following:			
a. The actual and potential effects of losses from such risks on the entity's historical or planned operations, including exposure to losses from claims, curtailment of research and development or manufacturing, or contraction or cessation of other activities, such as discontinuance of a product line?	_____	_____	_____
b. Comparison of current insurance coverage by major categories of risk to coverage in prior periods, without necessarily quantifying such coverage or change in coverage?	_____	_____	_____
c. Recent claims experience?	_____	_____	_____
d. A description of the reporting entity's risk management programs? (<i>Encouraged, but not required.</i>)	_____	_____	_____
15. Is the domiciliary state insurance commissioner's role and ability to approve or disapprove any interest and principal payments disclosed? [FASB ASC 944-470-50-1]	_____	_____	_____
16. Are surplus notes presented as liabilities in the financial statements of the issuer (equity treatment for surplus notes is inappropriate)? [FASB ASC 944-470-45-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Q. Shareholders' Equity			
<p>Notes: In May 2008, FASB issued FSP APB 14-1, <i>Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)</i>. This FSP requires an issuer to separately account for the liability and equity components of convertible debt instruments within its scope. Convertible debt instruments, including instruments within the scope of this FSP, consist of a liability component with a below-market interest coupon (the debt instrument) and an equity component (the conversion option). Convertible debt instruments within the scope of this FSP are required to be separated into its liability and equity components, with each component accounted for pursuant to other U.S. GAAP applicable to that component.</p> <p>This FSP applies to convertible debt instruments that, by their stated terms, may be settled in cash (or other assets) upon conversion, including partial cash settlement, unless the embedded conversion option is required to be separately accounted for as a derivative under FASB Statement No. 133, <i>Accounting for Derivative Instruments and Hedging Activities</i>. Other scope limitations apply. This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends), and interim periods within those fiscal years. Early adoption is not permitted.</p> <p>This checklist has been updated to include the presentation and disclosure requirements of FSP APB 14-1.</p> <p>Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.</p> <p>This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 470-20-65-1.</p>			
1. For each class of stock, do disclosures include the number of shares authorized, issued, and outstanding, and par or stated value per share? [FASB ASC 505-10-50-3]	_____	_____	_____
2. Are classes of capital stock presented in order of priority in liquidation? [Common Practice]	_____	_____	_____
3. Do the financial statements include a description, in summary form, sufficient to explain the pertinent rights and privileges of the various securities outstanding, including			
a. possible conversion prices and dates as well as other significant terms for each convertible instrument? (For example, the entity is obligated to issue X shares and as the market price of the common stock decreases, the entity is obligated to issue an additional X shares for each \$1 decrease in the stock price.)	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>b. have the terms of the transaction been disclosed in the footnotes to the financial statements, including the excess of the aggregate fair value of the instruments that the holder would receive at conversion over the proceeds received and the period over which the discount is amortized? [FASB ASC 505-10-50 par. 3 and 7–8]</p>	_____	_____	_____
<p>4. Has the entity considered disclosure of information about derivative instruments entered into in connection with the issuance of the contingently convertible securities that may be useful in terms of fully explaining the potential impact of the contingently convertible securities? That information might include the terms of those derivative instruments, including the terms of settlement, how those instruments relate to the contingently convertible securities, and the number of shares underlying the derivative instruments. One example is the purchase of a call option such that the terms of the purchased call option would be expected to substantially offset changes in value of the written call option embedded in the convertible security. Derivative instruments are also subject to additional disclosure information, as required by FASB ASC 815, <i>Derivatives and Hedging</i>. [FASB ASC 505-10-50-10]</p>	_____	_____	_____
Practice Tip			
<p>(FSP APB 14-1) Incremental disclosures may be required for debt with conversion and other options. See FASB ASC 470-20-10-2 and paragraphs 2–6 of FASB ASC 470-20-50. [“Pending Content” in FASB ASC 505-10-50-10A]</p>			

<p>5. Do disclosures include the number of shares issued upon conversion, exercise, or satisfaction of required conditions during at least the most recent annual fiscal period and any subsequent interim period presented? [FASB ASC 505-10-50-3]</p>	_____	_____	_____
<p>6. For preferred stock that has a preference in involuntary liquidation considerably in excess of par or stated value of the shares, is the liquidation preference disclosed in the equity section of the balance sheet in the aggregate, either parenthetically or “in short,” rather than on a per share basis or in the notes to the financial statements? [FASB ASC 505-10-50-4]</p>	_____	_____	_____
<p>7. Are the following disclosed on the face of the balance sheet or in the notes to the financial statements:</p>			
<p>a. The aggregate or per-share amounts at which preferred stock may be called or are subject to redemption through sinking-fund operations or otherwise?</p>	_____	_____	_____
<p>b. The aggregate and per-share amounts of arrearages in cumulative preferred dividends? [FASB ASC 505-10-50-5]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8. For redeemable stock, do disclosures include the amount of redemption requirements, separately by issue or combined, for all issues of capital stock that are redeemable at fixed or determinable prices on fixed or redeemable dates in each of the five years following the date of the latest balance sheet? [FASB ASC 505-10-50-11]	_____	_____	_____
9. Do disclosures for contingently convertible securities include the significant quantitative and qualitative terms of the conversion features to enable users of the financial statements to understand the circumstances of the contingency and the potential impact of conversion, including			
a. events or changes in circumstances that would cause the contingency to be met and any significant features necessary to understand the conversion rights and the timing of those rights (for example, the periods in which (1) the contingency might be met and (2) the securities may be converted if the contingency is met)?	_____	_____	_____
b. the conversion price and the number of shares into which the security is potentially convertible?	_____	_____	_____
c. events or changes in circumstances, if any, that could adjust or change the contingency, conversion price, or number of shares, including significant terms of those changes?	_____	_____	_____
d. the manner of settlement upon conversion and any alternative settlement methods (for example, cash, shares, or a combination)? [FASB ASC 505-10-50-6]	_____	_____	_____
10. Do disclosures indicate whether the shares that would be issued if the contingently convertible securities were converted are included in the calculation of diluted earnings per share (EPS), and the reasons why or why not? [FASB ASC 505-10-50-9]	_____	_____	_____
11. Are appropriations of retained earnings for loss contingencies clearly identified and included in shareholders' equity? [FASB ASC 505-10-45-3]	_____	_____	_____
12. Has the entity disclosed any restrictions on the payment of dividends? [FASB ASC 440-10-50-1]	_____	_____	_____
13. After completion of a quasi-reorganization, is a new retained earnings account established and dated with the date being disclosed in subsequent financial statements until it is no longer deemed significant? [FASB ASC 852-20-50-2]	_____	_____	_____
14. Are the carrying basis, cost and number of shares of any treasury stock held by the reporting entity disclosed? [Common Practice]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
15. If treasury stock is purchased for purposes other than retirement or if ultimate disposition has not yet been decided is its cost:			
a. Shown separately as a deduction from the total of capital stock, additional paid-in capital, and retained earnings? or	_____	_____	_____
b. Accorded the accounting treatment appropriate for retired stock? [FASB ASC 505-30-45-1]	_____	_____	_____
16. If state laws relating to acquisition of stock restrict the availability of retained earnings for payment of dividends or other significant effects, is appropriate disclosure made? [FASB ASC 505-30-50-2]	_____	_____	_____
17. If treasury shares are purchased at a stated price significantly in excess of the current market price of the shares, is the allocation of the amounts paid and the accounting treatment for such amounts disclosed? [FASB ASC 505-30-50 par. 3-4]	_____	_____	_____
18. If the pension asset or liability that is recognized pursuant to FASB ASC 715-30-25-1, results in a temporary difference, as defined in the FASB ASC glossary, are the deferred tax effects of any temporary differences recognized in income tax expense or benefit for the year and allocated to various financial statement components, including OCI, pursuant to FASB ASC 740-20-45? [FASB ASC 715-30-25-3]	_____	_____	_____
19. Is the following information relating to stockholders' equity, statutory capital and surplus, and the effects of statutory accounting practices on the ability to pay dividends to stockholders disclosed:	_____	_____	_____
a. The amount of statutory capital and surplus?	_____	_____	_____
b. The amount of statutory capital and surplus necessary to satisfy regulatory requirements (based on current operations) if significant in relation to the statutory capital and surplus?	_____	_____	_____
c. The nature of statutory restrictions on the payment of dividends and the amount of retained earnings that is not available for the payment of dividends to stockholders? [FASB ASC 944-505-50-1]	_____	_____	_____
20. If statutory surplus is below the minimum required by law, is disclosure of the relevant facts made? [Common Practice]	_____	_____	_____
R. Changes in Shareholders' Equity			
1. Are changes in the separate accounts of shareholders' equity disclosed? [FASB ASC 505-10-50-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Are changes in the number of shares of equity securities disclosed? [FASB ASC 505-10-50-2]	_____	_____	_____
3. If prior-period adjustments have been recorded during the current year, are the resulting effects (both gross and net of applicable income taxes and including the amounts of income tax applicable to the prior period adjustments) appropriately disclosed?	_____	_____	_____
a. For single-period statements, does the disclosure indicate the effects of such restatement on the balance of retained earnings at the beginning of the period and on the net income of the immediately preceding period?	_____	_____	_____
b. If financial statements of more than one period are presented, does disclosure include the effects for each of the periods presented in the statements? [FASB ASC 250-10-50 par. 8–9]	_____	_____	_____

Note: See part B, “Accounting Changes and Error Corrections,” of the “Other Financial Statement Disclosures” section of this checklist for additional disclosures.

Practice Tip

Disclosure of restatements in financial statements of periods subsequent to the annual financial statements of the year of change should not be repeated.
[FASB ASC 250-10-50-10]

4. If interim financial reports contain an adjustment related to prior interim periods of the current fiscal year, do disclosures include			
a. the effect on income from continuing operations, net income, and related per share amounts for each prior interim period of the current fiscal year?	_____	_____	_____
b. income from continuing operations, net income, and related per share amounts for each prior interim period restated? [FASB ASC 250-10-50-11]	_____	_____	_____
5. If the entity (1) regularly reports interim information, (2) makes an accounting change during the fourth quarter of its fiscal year, and (3) does not report the data specified by FASB ASC 270-10-50-1 in a separate fourth-quarter report or in its annual report, has the entity included disclosure of the effects of the accounting change on interim-period results (as required by FASB ASC 250-10-50-1) in a note to the annual financial statements for the fiscal year in which the change is made? [FASB ASC 250-10-45-15]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
III. Income Statement			
A. Revenue and Expenses			
1. Are the important components of income, such as sales or other sources of revenue, cost of sales, selling and administrative expenses, interest expense and income taxes, separately disclosed on the face of the income statement? [Common Practice]	_____	_____	_____
2. Is the following information concerning interest costs disclosed:			
a. For accounting periods in which no interest is capitalized, the amount of interest cost incurred and charged to expense during the period?	_____	_____	_____
b. For an accounting period in which some interest cost is capitalized, the total amount of interest cost incurred during the period and the amount thereof that has been capitalized? [FASB ASC 835-20-50-1]	_____	_____	_____
3. Are interest costs associated with product financing arrangements identified separately? [FASB ASC 470-40-25-4]	_____	_____	_____
4. Are disclosures included in the financial statements of the total research and development costs charged to expense in each period for which an income statement is presented? [FASB ASC 730-10-50-1]	_____	_____	_____
5. Have all nonrefundable advance payments made for goods or services that will be used or rendered for future research and development activities pursuant to an executory contractual arrangement been deferred and capitalized, and recognized as an expense as the goods are delivered or the related services are performed? [FASB ASC 730-20-25-13; FASB ASC 730-20-35-1]	_____	_____	_____
6. If the entity has capitalized costs incurred for a computer software product to be sold, leased, or otherwise marketed, are the following disclosed in the financial statements:			
a. Unamortized computer software costs included in each balance sheet presented?	_____	_____	_____
b. The total amount charged to expense in each income statement presented for amortization of capitalized computer software costs and for amounts written down to net realizable value? [FASB ASC 985-20-50-1]	_____	_____	_____
7. Are research and development costs incurred for a computer software product to be sold, leased, or otherwise marketed disclosed either separately or as part of the total research and development costs for each period presented? [FASB ASC 985-20-50-2]	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
8.	Has the entity made disclosures related to advertising that include			
	<i>a.</i> the accounting policy for reporting advertising including whether such costs are expensed as incurred or the first time the advertising takes place?	_____	_____	_____
	<i>b.</i> a description of direct-response-advertising reported as assets (if any), the related accounting policy, and the amortization method and period?	_____	_____	_____
	<i>c.</i> the amount charged to advertising expense for each statement of income presented, with separate disclosure of amounts, if any, representing a write-down of capitalized advertising costs to net realizable value?	_____	_____	_____
	<i>d.</i> the amount of advertising reported as assets in each balance sheet presented? [FASB ASC 720-35-50-1; FASB ASC 340-20-50-1]	_____	_____	_____
9.	Is the amount of revenue and expense recognized from advertising barter transactions disclosed for each income statement period presented? [FASB ASC 605-20-50-1]	_____	_____	_____
10.	If the entity engages in advertising barter transactions for which the fair value is not determinable within the limits of paragraphs 15–18 of FASB ASC 605-20-25, is information regarding the volume and type of advertising surrendered and received (such as the number of equivalent pages, the number of minutes, or the overall percentage of advertising volume) disclosed for each income statement period presented? [FASB ASC 605-20-50-1]	_____	_____	_____
11.	Has the entity disclosed the following information in the notes to the financial statements in the period(s) in which business interruption insurance recoveries are recognized:			
	<i>a.</i> The nature of the event resulting in business interruption losses?	_____	_____	_____
	<i>b.</i> The aggregate amount of business interruption insurance recoveries recognized during the period and the line item(s) in the statement of operations in which those recoveries are classified (including amounts reported as an extraordinary item pursuant to FASB ASC 225-20)? [FASB ASC 225-30-50-1]	_____	_____	_____
12.	Does a vendor disclose the following in regard to revenue arrangements with multiple deliverables:			
	<i>a.</i> Its accounting policy for recognition of revenue from multiple-deliverable arrangements (for example, whether deliverables are separable into units of accounting)?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The description and nature of such arrangements, including performance, cancellation, termination, or refund-type provisions? [FASB ASC 605-25-50-1]	_____	_____	_____

Practice Tip

Question 14 is based on the presumption that cash consideration (including a sales incentive) given by a vendor to a customer is a reduction of the selling prices of the vendor's products or services. That presumption is overcome and the consideration should be characterized as a cost incurred (question 15) if, and to the extent that, both of the conditions in FASB ASC 605-50-45-2 are met.

13. Has the entity characterized as a reduction of revenue any cash consideration (including a sales incentive) given to a customer when recognized in the entity's income statement? [FASB ASC 605-50-45-2]	_____	_____	_____
14. If the entity provides a customer with a sales incentive or other consideration which consists of a free product or service (for example, a gift certificate from the vendor or a free airline ticket that will be honored by another, unrelated entity), or anything other than cash (including credits that the customer can apply against trade amounts owed to the vendor) or equity instruments (see FASB ASC 605-50-55-43), has the cost of the consideration been characterized as an expense (as opposed to a reduction of revenue) when recognized in the entity's income statement? [FASB ASC 605-50-45-3]	_____	_____	_____
15. If the entity is a service provider and provides incentives to a third-party manufacturer or reseller that ultimately benefits the service provider's customer, has this fact been disclosed? [FASB ASC 605-50-50-1]	_____	_____	_____

Notes: In December 2007, FASB issued Emerging Issues Task Force (EITF) Issue No. 07-1, "Accounting for Collaborative Agreements Related to the Development and Commercialization of Intellectual Property." The objective of this issue is to define collaborative arrangements and to establish reporting requirements for transactions between participants in a collaborative arrangement and between participants in the arrangement and third parties. FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*. Among other things, EITF Issue No. 07-1 changes income statement classification of costs and revenue generated by participants in a collaborative arrangement from transactions with third parties, as opposed to applying the equity method of accounting under Accounting Principles Board (APB) Opinion No. 18. The EITF also requires enhanced disclosures.

EITF Issue No. 07-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends), and interim periods within those fiscal years. The guidance should be applied retrospectively to all

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
prior periods presented for all collaborative arrangements existing as of the effective date.			
This checklist has been updated to include the presentation and disclosure requirements of EITF Issue No. 07-1.			
As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity): <u> </u> A <u> </u> B			
Readers can refer to the full text of the issue on the FASB Web site at www.fasb.org .			
This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 808-10-65-1.			
16B. (EITF Issue No. 07-1) If the entity is a participant in a collaborative arrangement, has it disclosed all following in the period in which a collaborative arrangement is entered into (which may be an interim period) and all annual periods thereafter:			
a. Information about the nature and purpose of its collaborative arrangements?	_____	_____	_____
b. Its rights and obligations under the collaborative arrangements?	_____	_____	_____
c. The accounting policy for collaborative arrangements in accordance with FASB ASC 235-10?	_____	_____	_____
d. The income statement classification and amounts attributable to transactions arising from the collaborative arrangement between participants for each period an income statement is presented? [Pending Content in FASB ASC 808-10-50-1]	_____	_____	_____
Income Taxes Held for Remittance			
17. Is the accounting policy decision regarding the presentation of taxes within the scope of FASB ASC 605-45-15-2(e), either on a gross basis (included in revenues and costs) or a net basis (excluded from revenues), disclosed pursuant to FASB ASC 235-10? [FASB ASC 605-45-50-3]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
18. For any such taxes that are reported on a gross basis, does the entity disclose the amounts of those taxes in interim and annual financial statements for each period for which an income statement is presented if those amounts are significant? (<i>Note:</i> The disclosure of those taxes can be done on an aggregate basis.) [FASB ASC 605-10-50-4]	_____	_____	_____
19. Are payments to policyholders that represent a return of policyholder balances not reported as expenses in the statement of earnings? [FASB ASC 944-20-45-1]	_____	_____	_____
20. Do amounts reported as expenses include benefit claims in excess of the related policyholder balances, expenses of contract administration, interest accrued to policyholders, amortization of capitalized acquisition costs? [FASB ASC 944-20-45-2]	_____	_____	_____
21. Are depreciation and other real estate operating costs recorded as investment expense or operating expense depending on the balance sheet classification of the underlying asset? [FASB ASC 944-360-45-2]	_____	_____	_____
22. Are realized gains and losses on all investments (except those that are accounted for as either hedges of net investments in foreign operations or cash flow hedges) reported in the statement of earnings as a component of other income, on a pretax basis? [FASB ASC 944-325-45-3]	_____	_____	_____
23. Are realized gains and losses on all investments presented as a separate item in the statement of earnings or disclosed in the notes to the financial statements? [FASB ASC 944-325-45-4]	_____	_____	_____
24. For contracts with death or other insurance benefit features, has a change in the additional liability been recognized as a component of benefit expense in the statement of operations? [FASB ASC 944-40-45-1]	_____	_____	_____
25. For contracts that provide annuitization benefits, has the change in the additional liability recognized under paragraphs 22–24 of FASB ASC 944-40-25 been reported as a component of benefit expense in the statement of operations? [FASB ASC 944-40-45-2]	_____	_____	_____
26. Are premiums from universal life contracts no longer included in revenue but recorded in the balance sheet policyholder accounts? [FASB ASC 944-605-25-5]	_____	_____	_____
27. Are changes in the allowance for estimated uncollectible amounts relating to mortgage loans included in income as prescribed in FASB ASC 310-10? [FASB ASC 944-310-45-4]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
28. Is the amortization and other related charges or credits for mortgage loans charged or credited to investment income? [FASB ASC 944-310-45-3]	_____	_____	_____

B. Income Taxes

Notes: In December 2007, FASB issued Statement No. 141(R) to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. FASB Statement No. 141(R) supersedes FASB Statement No. 141 but retains the fundamental requirements in FASB Statement No. 141 that the acquisition method of accounting (formerly called the purchase method in FASB Statement No. 141) be used for all business combinations and that an acquirer be identified for each business combination.

This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). An entity may not apply it before that date.

This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 141(R).

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

___A ___B

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 805-10-65-1.

In September 2009, FASB issued Accounting Standards Update (ASU) No. 2009-006, *Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities*. The amendments apply only to nonpublic entities as defined in FASB ASC 740-10-20.

The amendments to FASB ASC in this ASU provide implementation guidance, through examples, on how to apply the standards for un-
(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>certainty in income taxes. In addition, the ASU eliminates for non-public entities the disclosures required by both FASB ASC 740-10-50-15(a) (which requires a tabular reconciliation of the total amount of unrecognized tax benefits at the beginning and end of the periods presented) and FASB ASC 740-10-50-15(b) (which requires the disclosure of the total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate).</p> <p>For entities that are currently applying the guidance for accounting and uncertainty in income taxes, this guidance and the disclosure amendments are effective for financial statements issued for interim and annual periods ending after September 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends). For those entities that have deferred the application of accounting for uncertainty in income taxes in accordance with FASB ASC 740-10-65-1(e), the guidance and disclosure amendments are effective upon adoption of those standards.</p> <p>This checklist has been updated to include the presentation and disclosure requirements of ASU No. 2009-006.</p> <p>As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):</p> <p><input type="checkbox"/> A <input type="checkbox"/> B</p> <p>Readers can refer to the full text of the ASU on the FASB Web site at www.fasb.org.</p>			
<p>1A. Has the entity disclosed the following:</p>			
a.	The amounts and expiration dates of operating loss and tax credit carryforwards for tax purposes?	_____	_____
b.	Any portion of the valuation allowance for deferred tax assets for which subsequently recognized tax benefits will be allocated to reduce goodwill or other noncurrent intangible assets of an acquired entity or directly to contributed capital? [FASB ASC 740-10-50-3]	_____	_____
<p>1B. (FASB Statement No. 141(R)) Has the entity disclosed the following:</p>			
a.	The amounts and expiration dates of operating loss and tax credit carryforwards for tax purposes?	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>b.</i> Any portion of the valuation allowance for deferred tax assets for which subsequently recognized tax benefits will be credited directly to contributed capital? [“Pending Content” in FASB ASC 740-10-50-3]</p>	_____	_____	_____
<p>2A. Has the entity disclosed the following significant components of income tax expense attributable to continuing operations for each year presented:</p>			
<p><i>a.</i> Current tax expense (or benefit)?</p>	_____	_____	_____
<p><i>b.</i> Deferred tax expense (or benefit) (exclusive of the effects of other components in this list)?</p>	_____	_____	_____
<p><i>c.</i> Investment tax credits?</p>	_____	_____	_____
<p><i>d.</i> Government grants (to the extent recognized as a reduction of income tax expense)?</p>	_____	_____	_____
<p><i>e.</i> The benefits of operating loss carryforwards?</p>	_____	_____	_____
<p><i>f.</i> Tax expense that results from allocating certain tax benefits directly to contributed capital?</p>	_____	_____	_____
<p><i>g.</i> Adjustments of a deferred tax liability or asset for enacted changes in tax laws or rates or a change in the tax status of the reporting entity?</p>	_____	_____	_____
<p><i>h.</i> Adjustments of the beginning-of-the-year balance of a valuation allowance because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset in future years? [FASB ASC 740-10-50-9]</p>	_____	_____	_____
<p>2B. (FASB Statement No. 141(R)) Has the entity disclosed the following significant components of income tax expense attributable to continuing operations for each year presented:</p>			
<p><i>a.</i> Current tax expense (or benefit)?</p>	_____	_____	_____
<p><i>b.</i> Deferred tax expense (or benefit) (exclusive of the effects of other components in this list)?</p>	_____	_____	_____
<p><i>c.</i> Investment tax credits?</p>	_____	_____	_____
<p><i>d.</i> Government grants (to the extent recognized as a reduction of income tax expense)?</p>	_____	_____	_____
<p><i>e.</i> The benefits of operating loss carryforwards?</p>	_____	_____	_____
<p><i>f.</i> Tax expense that results from allocating certain tax benefits directly to contributed capital?</p>	_____	_____	_____
<p><i>g.</i> Adjustments of a deferred tax liability or asset for enacted changes in tax laws or rates or a change in the tax status of the reporting entity?</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>h.</i> Adjustments of the beginning-of-the-year balance of a valuation allowance because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset in future years (for example, any acquisition-date income tax benefits or expenses recognized from changes in the acquirer's valuation allowance for its previously existing deferred tax assets as a result of a business combination [see FASB ASC 805-740-30-3])? ["Pending Content" in FASB ASC 740-10-50-9]</p>	_____	_____	_____
<p>3. Are the amount of income tax expense or benefit allocated to continuing operations and the amounts separately allocated to other items (in accordance with the intraperiod tax allocation provisions of paragraphs 2–14 of FASB ASC 740-20-45 and FASB ASC 852-740-45-3) disclosed for each year for which those items are presented? [FASB ASC 740-10-50-10]</p>	_____	_____	_____
<p>4. (Issuers Only) If the reporting entity is a public enterprise, is there a reconciliation in both percentages and dollar amounts of the reported amount of income tax expense attributable to continuing operations for the year to the amount of income tax expense that would result from applying domestic federal statutory tax rates to pretax income from continuing operations? [FASB ASC 740-10-50-12]</p>	_____	_____	_____
<p>5. (Nonissuers Only) Is there disclosure of the nature of significant items required to reconcile the reported amount of income tax expense attributable to continuing operations for the year to the amount of income tax expense that would result from applying domestic federal statutory tax rates to pretax income from continuing operations? [FASB ASC 740-10-50-13]</p>	_____	_____	_____
<p>6A. Has the entity disclosed the following at the end of each annual reporting period presented:</p>			
<p><i>a.</i> A tabular reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of the period, which include, at a minimum</p>			
<p>i. the gross amounts of the increases and decreases in unrecognized tax benefits as a result of tax positions taken during a prior period?</p>	_____	_____	_____
<p>ii. the gross amounts of increases and decreases in unrecognized tax benefits as a result of tax positions taken during the current period?</p>	_____	_____	_____
<p>iii. the amounts of decreases in the unrecognized tax benefits relating to settlements with taxing authorities?</p>	_____	_____	_____
<p>iv. reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations?</p>	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
b.	The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate?	_____	_____	_____
c.	The total amounts of interest and penalties recognized in the statement of operations and the total amounts of interest and penalties recognized in the statement of financial position?	_____	_____	_____
d.	For positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date, has the following been disclosed:			
i.	The nature of the uncertainty?	_____	_____	_____
ii.	The nature of the event that could occur in the next 12 months that would cause the change?	_____	_____	_____
iii.	An estimate of the range of the reasonably possible change or a statement that an estimate of the range cannot be made?	_____	_____	_____
e.	A description of tax years that remain subject to examination by major tax jurisdictions? [FASB ASC 740-10-50-15]	_____	_____	_____
6B.	(ASU No. 2009-006) Has the entity disclosed the following at the end of each annual reporting period presented:			
a.	The total amounts of interest and penalties recognized in the statement of operations and the total amounts of interest and penalties recognized in the statement of financial position?	_____	_____	_____
b.	For positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date,			
i.	the nature of the uncertainty?	_____	_____	_____
ii.	the nature of the event that could occur in the next 12 months that would cause the change?	_____	_____	_____
iii.	an estimate of the range of the reasonably possible change or a statement that an estimate of the range cannot be made?	_____	_____	_____
c.	A description of tax years that remain subject to examination by major tax jurisdictions? ["Pending Content" in FASB ASC 740-10-50-15]	_____	_____	_____
7B.	(ASU No. 2009-006) (Issuers Only) In addition to the items in question 6B, has the entity also disclosed the following at the end of each annual reporting period presented:			
a.	A tabular reconciliation of the total amounts of unrecognized tax benefits at the beginning and end of the period, which should include at a minimum			
i.	the gross amounts of the increases and decreases in unrecognized tax benefits as a result of tax positions taken during a prior period?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
	ii. the gross amounts of increases and decreases in unrecognized tax benefits as a result of tax positions taken during the current period?	_____	_____	_____
	iii. the amounts of decreases in the unrecognized tax benefits relating to settlements with taxing authorities?	_____	_____	_____
	iv. reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations?	_____	_____	_____
	b. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate? [“Pending Content” in FASB ASC 740-10-50-15A]	_____	_____	_____
8.	(Issuers Only) If the entity is not subject to income tax because its income is taxed directly to its owners, has that fact and the net difference between the tax bases and the reported amounts of the entity’s assets and liabilities been disclosed? [FASB ASC 740-10-50-16]	_____	_____	_____
9.	If the entity is a member of a group that files a consolidated tax return, are the following items disclosed in its separately issued financial statements:			
	a. The aggregate amount of current and deferred tax expense for each income statement presented and the amount of any tax-related balances due to or from affiliates as of the date of each balance sheet presented?	_____	_____	_____
	b. The principal provisions of the method by which the consolidated amount of current and deferred tax expense is allocated to members of the group and the nature and effect of any changes in that method (and in determining related balances to or from affiliates) during the years for which the disclosures in item (a) are presented? [FASB ASC 740-10-50-17]	_____	_____	_____
10.	Has the entity disclosed its policy on classification of interest and penalties in accordance with FASB ASC 740-10-45-25 in the footnotes to the financial statements? [FASB ASC 740-10-50-19]	_____	_____	_____
11.	If the entity presents a classified statement of financial position, does the entity classify a liability associated with an unrecognized tax benefit as a current liability (or the amount of a net operating loss carryforward or amount refundable is reduced) to the extent the enterprise anticipates payment (or receipt) of cash within one year or the operating cycle, if longer? Furthermore, has the liability for unrecognized tax benefits (or reduction in amounts refundable) not been combined with deferred tax liabilities or assets? [FASB ASC 740-10-45-11]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
12. Is a liability that has been recognized as a result of applying FASB ASC 740-10-25-17 not classified as a deferred tax liability unless it arises from a taxable temporary difference? [FASB ASC 740-10-45-12]	_____	_____	_____
13. If the entity is an S corporation, partnership, or proprietorship, is the reason that no income tax expense is recorded disclosed? [Common Practice]	_____	_____	_____
C. Extraordinary Items			
1. Has the nature and financial effects of each event or transaction that is unusual in nature or occurs infrequently, but not both, been disclosed on the face of the income statement, or alternatively, in notes to the financial statements? [FASB ASC 225-20-50-3]	_____	_____	_____
2. Have extraordinary items been disclosed separately and included in the determination of net income for the interim period or periods in which they occurred? [FASB ASC 225-20-50-4]	_____	_____	_____

Practice Tip

FASB ASC 270-10-45-11A requires that extraordinary items, gains or losses from disposal of a component of an entity, and unusual or infrequently occurring items not be prorated over the balance of the fiscal year.
[FASB ASC 225-20-50-4]

3. Are extraordinary items (as described in FASB ASC 225-10-45-2) segregated and shown (including applicable income taxes) following income before extraordinary items and before net income? [FASB ASC 225-20-45-10]	_____	_____	_____
4. Is the caption extraordinary items used to identify separately the effects of events and transactions, other than disposals of components of an entity, that meet the criteria for classification as extraordinary as discussed in paragraphs 1–6 of FASB ASC 225-20-45? [FASB ASC 225-20-45-11]	_____	_____	_____
5. Are descriptive captions and amounts presented for individual extraordinary events or transactions, preferably on the face of the income statement if practicable? [FASB ASC 225-20-45-11]	_____	_____	_____
6. Are the nature of each extraordinary event or transaction and the principle items entering into the determination of extraordinary gains or losses described? [FASB ASC 225-20-45-11]	_____	_____	_____
7. Are income taxes applicable to any extraordinary items disclosed on the face of the income statement (preferable) or disclosed in the notes to the financial statements? [FASB ASC 225-20-45-11]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8. Are material events or transactions that are either unusual in nature or of infrequent occurrence, but not both (and therefore not meeting the criteria for extraordinary items)			
a. reported as a separate component of income from continuing operations?	_____	_____	_____
b. accompanied by disclosure of the nature and financial effects of each event? [FASB ASC 225-20-45-16]	_____	_____	_____
9. If any extraordinary items that were reported in prior periods are adjusted during the current period, are the adjustments separately disclosed as to year of origin, nature, and amount and classified separately on the current period as an extraordinary item? [FASB ASC 225-20-45-13]	_____	_____	_____

D. Earnings Per Share

Practice Tip

The guidance in FASB ASC 260, *Earnings per Share*, requires presentation of EPS by all entities that have issued common stock or potential common stock (that is, securities such as options, warrants, convertible securities, or contingent stock agreements) if those securities trade in a public market either on a stock exchange (domestic or foreign) or in the over-the-counter market, including securities quoted only locally or regionally. FASB ASC 260 also requires presentation of EPS by an entity that has made a filing or is in the process of filing with a regulatory agency in preparation for the sale of those securities in a public market. [FASB ASC 260-10-15-2]

Notes: In March 2008, FASB issued Statement No. 160 to establish accounting and reporting standards for the noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary, areas for which limited guidance previously existed. In addition to the overview of this statement provided in a note appearing in this checklist, readers should be aware that FASB Statement No. 160 clarifies that, if an entity has an outstanding noncontrolling interest (minority interest), amounts for both comprehensive income attributable to the parent and comprehensive income attributable to the noncontrolling interest in a less-than-wholly-owned subsidiary are reported on the face of the financial statement in which comprehensive income is presented in addition to presenting consolidated comprehensive income. Additionally, if an entity has an outstanding noncontrolling interest, the components of OCI attributable to the parent and noncontrolling interest in a less-than wholly-owned subsidiary are required to be disclosed as part of its equity reconciliation. FASB Statement No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Earlier adoption is prohibited.

This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 160.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):</p> <p>—A —B</p> <p>Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.</p> <p>This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 810-10-65-1.</p>			
<p>1. If the entity has a simple capital structure (only common stock outstanding), are basic per-share amounts for income from continuing operations and for net income presented on the face of the income statement for all periods for which an income statement or summary of earnings is presented? [FASB ASC 260-10-45 par. 2 and 7]</p>	_____	_____	_____
<p>2. If the entity has other than a simple capital structure, are basic and diluted per-share amounts for income from continuing operations and for net income presented on the face of the income statement with equal prominence for all periods for which an income statement or summary of earnings is presented? (<i>Note:</i> If diluted EPS data are reported for at least one period, they should be reported for all periods presented, even if they are the same amounts as basic EPS.) [FASB ASC 260-10-45 par. 2 and 7]</p>	_____	_____	_____
<p>3. If discontinued operations, extraordinary items, or the cumulative effect of accounting changes are reported in the period, are the basic and diluted per share amounts for those line items presented on the face of the income statement or in the notes? [FASB ASC 260-10-45-3]</p>	_____	_____	_____
<p>4. If per share amounts not required to be presented by FASB ASC 260-10 are disclosed, are they disclosed only in the notes and do the disclosures indicate whether the per share amounts are pretax or net of tax? [FASB ASC 260-10-45-5]</p>	_____	_____	_____
<p>5. Are the following disclosed for each period for which an income statement is presented:</p> <p>a. A reconciliation of the numerators and denominators of the basic and diluted per share computations for income from continuing operations?</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The effect that has been given to preferred dividends in arriving at income available to common shareholders' in computing basic EPS?	_____	_____	_____
c. Securities (including those issuable pursuant to contingent stock agreements) that could potentially dilute basic EPS in the future that were not included in the computation of diluted EPS because to do so would have been antidilutive for the period(s) presented? [FASB ASC 260-10-50-1]	_____	_____	_____
6. For the latest period for which an income statement is presented, do disclosures include a description of any transaction that occurs after the end of the most recent period but before the financial statements are issued or are available to be issued (as discussed in FASB ASC 855-10-25) that would have changed materially the number of common shares or potential common shares outstanding at the end of the period if the transaction had occurred before the end of the period? [FASB ASC 260-10-50-2]	_____	_____	_____
7. If the number of common shares outstanding increases as a result of a stock dividend or stock split (see FASB ASC 505-20) or decreases as a result of a reverse stock split, the computations of basic and diluted EPS should be adjusted retroactively for all periods presented to reflect that change in capital structure. If per-share computations reflect such changes in the number of shares, is that fact disclosed? [FASB ASC 260-10-55-12]	_____	_____	_____
8. If changes in common stock resulting from stock dividends, stock splits, or reverse stock splits occur after the close of the period but before the financial statements are issued or are available to be issued (as discussed in FASB ASC 855-10-25), the per-share computations for those and any prior-period financial statements presented should be based on the new number of shares. If per-share computations reflect such changes in the number of shares, is that fact disclosed? [FASB ASC 260-10-55-12]	_____	_____	_____
9. When prior EPS amounts have been restated in compliance with an accounting standard requiring restatement, is the effect of the restatement, expressed in per share terms, disclosed in the period of restatement? [FASB ASC 260-10-55-16]	_____	_____	_____
10B. (FASB Statement No. 160) For purposes of computing EPS in consolidated financial statements (both basic and diluted), if one or more less-than-wholly-owned subsidiaries are included in the consolidated group, has the income attributable to the noncontrolling interest in subsidiaries been excluded from income from continuing operations and net income? ["Pending Content" in FASB ASC 260-10-45-11A]	_____	_____	_____

Yes No N/A

E. Comprehensive Income

Notes: In March 2008, FASB issued Statement No. 160 to establish accounting and reporting standards for the noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary, areas for which limited guidance previously existed. In addition to the overview of this statement provided in a note appearing in this checklist, readers should be aware that FASB Statement No. 160 clarifies that, if an entity has an outstanding noncontrolling interest (minority interest), amounts for both comprehensive income attributable to the parent and comprehensive income attributable to the noncontrolling interest in a less-than-wholly-owned subsidiary are reported on the face of the financial statement in which comprehensive income is presented in addition to presenting consolidated comprehensive income. Additionally, if an entity has an outstanding noncontrolling interest, the components of OCI attributable to the parent and noncontrolling interest in a less-than wholly-owned subsidiary are required to be disclosed as part of its equity reconciliation. FASB Statement No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Earlier adoption is prohibited.

This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 160.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

☐ A ☐ B

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 810-10-65-1.

In April 2009, FASB issued FSP 115-2 and FAS 124-2 to determine whether the holder on an investment in a debt or equity security for which changes in fair value are not regularly recognized in earnings (such as securities classified as held-to-maturity or available-for-sale) should recognize a loss in earnings when the investment is impaired. This FSP amends the other-than-temporary impairment guidance in
(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FSP does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities.</p> <p>FSP FAS 115-2 and FAS 124-2 is effective for interim and annual reporting periods ending after June 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends), with early adoption permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009, is not permitted. If an entity elects to adopt early either FSP FAS 157-4 or FSP FAS 107-1 and APB 28-1, <i>Interim Disclosures about Fair Value of Financial Instruments</i>, then entity is also required to adopt early this FSP. Additionally, if an entity elects to adopt early this FSP, it is required to adopt FSP FAS 157-4. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoptions. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption.</p> <p>This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 115-2 and FAS 124-2.</p> <p>Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.</p> <p>This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 320-10-65-1.</p>			
1. Are all components of comprehensive income reported in the financial statements in the period in which they are recognized? [FASB ASC 220-10-45-5]	_____	_____	_____
2. Is a total amount for comprehensive income displayed in the financial statement where the components of OCI are reported? [FASB ASC 220-10-45-5]	_____	_____	_____
3B. (FASB Statement No. 160) If the entity has an outstanding noncontrolling interest, are amounts for both comprehensive income attributable to the parent and comprehensive income attributable to the noncontrolling interest reported on the face of the financial statement in which comprehensive income is presented in addition to presenting consolidated comprehensive income? ["Pending Content" in FASB ASC 220-10-45-5; "Pending Content" in FASB ASC 810-10-50-1A]	_____	_____	_____
4. Is an amount for net income displayed and included as a component of comprehensive income? [FASB ASC 220-10-45-6]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. Are items included in OCI classified separately based on their nature, including			
a. foreign currency translation adjustments?	_____	_____	_____
b. gains and losses on foreign currency transactions that are designated as, and are effective as, economic hedges of a net investment in a foreign entity, commencing as of the designation date (see FASB ASC 830-20-35-3(a))?	_____	_____	_____
c. gains and losses on intraentity foreign currency transactions that are of a long term investment nature (that is, settlement is not planned or anticipated in the foreseeable future), when the entities to the transaction are consolidated, combined, or accounted for by the equity method in the reporting entity's financial statements (see FASB ASC 830-20-35-3(b))?	_____	_____	_____
d. gains and losses (effective portion) on derivative instruments that are designated as, and qualify as, cash flow hedges (see FASB ASC 815-20-35-1(c))?	_____	_____	_____
e. unrealized holding gains and losses that result from a debt security being transferred into the available-for-sale category from the held-to-maturity category (see FASB ASC 320-10-35-10(c))?	_____	_____	_____
f. subsequent decreases (if not an other-than-temporary impairment) or increases in the fair value of available-for-sale securities previously written down as impaired (see FASB ASC 320-10-35-18)?	_____	_____	_____
g. gains or losses associated with pension or other postretirement benefits (that are not recognized immediately as a component of net periodic benefit cost) (see FASB ASC 715-20-50-1(j))?	_____	_____	_____
h. prior service costs or credits associated with pension or other postretirement benefits (see FASB ASC 715-20-50-1(j))?	_____	_____	_____
i. transition assets or obligations associated with pension or other postretirement benefits (that are not recognized immediately as a component of net periodic benefit cost) (see FASB ASC 715-20-50-1(j))? ["Pending Content" in FASB ASC 220-10-45-13; "Pending Content" in FASB ASC 220-10-55-2]	_____	_____	_____
6. Are reclassification adjustments made to avoid double counting in comprehensive income of items that are displayed as part of net income for a period that also had been displayed as part of OCI in that period or other periods presented on the face of the financial statement in which comprehensive income is reported or disclosed in the notes? [FASB ASC 220-10-45-15]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. Are comprehensive income and its components displayed in a financial statement that is displayed with the same prominence as the other financial statements? (<i>Note:</i> FASB ASC 220-10 encourages but does not require that the components of OCI and total comprehensive income be displayed below the total for net income in a statement that reports results of operations or in a separate statement of comprehensive income that begins with net income.) [FASB ASC 220-10-45 par. 8–9]	_____	_____	_____
8B. (<i>FASB Statement No. 160</i>) If the entity has an outstanding noncontrolling interest, are the components of OCI attributable to the parent and noncontrolling interest in a less-than-wholly-owned subsidiary disclosed as part of its equity reconciliation? [“Pending Content” in FASB ASC 220-10-45-8; “Pending Content” in FASB ASC 810-10-50-1A]	_____	_____	_____
9. Are the components of OCI displayed either net of related tax effects, or before related tax effects with one amount shown for the aggregate tax effect related to the total of OCI items? [FASB ASC 220-10-45-11]	_____	_____	_____
10. Is the amount of income tax expense or benefit allocated to each component of OCI (including reclassification adjustments) displayed on the face of the statement in which those components are displayed or disclosed in the notes to the financial statements? [FASB ASC 220-10-45-12]	_____	_____	_____
11. Is the total of OCI for a period transferred to a component of equity that is displayed separately from retained earnings and additional paid-in-capital in the balance sheet with a descriptive title such as “accumulated OCI”? [FASB ASC 220-10-45-14]	_____	_____	_____
12. Are accumulated balances for each classification within accumulated OCI disclosed on the face of the balance sheet, in the statement of changes in shareholders’ equity, or in the notes? [FASB ASC 220-10-45-14]	_____	_____	_____
13. Has the enterprise reported a total for comprehensive income in condensed financial statements of interim periods? [FASB ASC 220-10-45-18]	_____	_____	_____
14. Has the entity displayed as a separate classification within OCI the net gain or loss on derivative instruments designated and qualifying as cash flow hedging instruments that are reported in comprehensive income pursuant to FASB ASC 815-20-25-65 and FASB ASC 815-30-35-3? [FASB ASC 815-30-45-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
15. As part of the disclosures of accumulated OCI, pursuant to FASB ASC 220-10-45-14, has the entity separately disclosed the beginning and ending accumulated derivative gain or loss, the related net change associated with current period hedging transactions, and the net amount of any reclassification into earnings? [FASB ASC 815-30-50-2]	_____	_____	_____

IV. Statement of Cash Flows

1. Does the statement of cash flows report net cash provided or used by the operating, investing, and financing activities and the effect of those flows on cash and cash equivalents during the period in a manner that reconciles beginning and ending cash and cash equivalents? [FASB ASC 230-10-45-24]	_____	_____	_____
2. Is the accounting policy for determining which items are treated as cash equivalents disclosed? [FASB ASC 230-10-50-1]	_____	_____	_____
3. If the direct method of reporting net cash flow from operating activities is used, do cash flows from operating activities separately report			
a. cash received from customers?	_____	_____	_____
b. interest and dividends received?	_____	_____	_____
c. other operating cash receipts?	_____	_____	_____
d. cash paid to employees and suppliers?	_____	_____	_____
e. interest paid?	_____	_____	_____
f. income taxes paid and, separately, the cash that would have been paid for income taxes if increases in the value of equity instruments issued under share-based payment arrangements that are not recognizable as a cost of goods or services for accounting purposes also had not been deductible in determining taxable income (FASB ASC 230-10-45-14(e))?	_____	_____	_____
g. other operating cash payments (if any)? [FASB ASC 230-10-45-25]	_____	_____	_____

Practice Tip

FASB ASC 230-10-45-25 encourages reporting entities to use the direct method of reporting cash flows. The sample financial statements in FSP section 6400 illustrate a statement of cash flows prepared using the direct method.

4. If the direct method is used, is a separate reconciling schedule provided to reconcile net income to net cash flow from operating activities? [FASB ASC 230-10-45-30]	_____	_____	_____
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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. If the direct method of reporting net cash flow from operating activities is not used, is the net cash flow from operating activities reported indirectly by adjusting net income to reconcile it to net cash flow from operating activities? [FASB ASC 230-10-45-28]	_____	_____	_____
6. Is the reconciliation of net income to net cash flow from operating activities, including separate reporting of all major classes of reconciling items, presented? [FASB ASC 230-10-45-29]	_____	_____	_____
7. If the indirect method of reporting net cash flow from operating activities is used, are amounts of interest paid (net of amounts capitalized) and income taxes paid during the period provided in related disclosures? [FASB ASC 230-10-50-2]	_____	_____	_____
8. Are investing and financing activities that affect recognized assets or liabilities, but that do not result in cash receipts or cash payments in the period, disclosed? [FASB ASC 230-10-50-3]	_____	_____	_____
9. Are cash receipts and cash payments for the following transactions classified as cash flows from operating activities:			
a. Cash receipts from sales of goods or services, including receipts from collection or sale of accounts and both short and long term notes receivable from customers arising from those sales?	_____	_____	_____
b. Cash receipts from returns on loans, other debt instruments of other entities, and equity securities—interest and dividends?	_____	_____	_____
c. All other cash receipts that do not stem from transactions defined as investing or financing activities, such as amounts received to settle lawsuits; proceeds of insurance settlements except for those that are directly related to investing or financing activities, such as from destruction of a building; and refunds from suppliers?	_____	_____	_____
d. Cash payments to acquire materials for manufacture or goods for resale, including principal payments on accounts and both short and long term notes payable to suppliers for those materials or goods?	_____	_____	_____
e. Cash payments to other suppliers and employees for other goods or services?	_____	_____	_____
f. Cash payments to governments for taxes, duties, fines, and other fees or penalties and the cash that would have been paid for income taxes if increases in the value of equity instruments issued under share-based payment arrangements that are not included in the cost of goods or services recognizable for financial reporting purposes also had not been deductible in determining taxable income?	_____	_____	_____
g. Cash payments to lenders and other creditors for interest?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>h.</i> All other cash payments that do not stem from transactions defined as investing or financing activities, such as payments to settle lawsuits, cash contributions to charities, and cash refunds to customers? [FASB ASC 230-10-45 par. 16–17]</p>	_____	_____	_____
<p>10. Are cash receipts and cash payments for the following transactions classified as cash flows from investing activities:</p>			
<p><i>a.</i> Receipts from collections or sales of loans?</p>	_____	_____	_____
<p><i>b.</i> Receipts from sales of property, plant, and equipment?</p>	_____	_____	_____
<p><i>c.</i> Loans to others?</p>	_____	_____	_____
<p><i>d.</i> Cash flows from purchases, sales, and maturities of available-for-sale securities?</p>	_____	_____	_____
<p><i>e.</i> Payments to acquire property, plant, and equipment?</p>	_____	_____	_____
<p><i>f.</i> Receipts from sales of equity instruments of other enterprises exclusive of those carried in the trading account?</p>	_____	_____	_____
<p><i>g.</i> Payments to acquire equity instruments of other enterprises, exclusive of those carried in the trading account? [FASB ASC 230-10-45 par. 12–13; FASB ASC 310-10-45-11]</p>	_____	_____	_____
<p>11. Are cash receipts and cash payments for the following transactions classified as cash flows from investing activities:</p>			
<p><i>a.</i> Proceeds from issuing debt?</p>	_____	_____	_____
<p><i>b.</i> Issuance of equity instruments?</p>	_____	_____	_____
<p><i>c.</i> Payment of dividends?</p>	_____	_____	_____
<p><i>d.</i> Repayments for amounts borrowed?</p>	_____	_____	_____
<p><i>e.</i> Purchases of treasury stock?</p>	_____	_____	_____
<p><i>f.</i> Other principal payments to creditors who have extended long term debt?</p>	_____	_____	_____
<p><i>g.</i> Proceeds received from derivative instruments and distributions to counterparties of derivative instruments that include financing elements at inception?</p>	_____	_____	_____
<p><i>h.</i> Cash retained as a result of the tax deductibility of increases in the value of equity instruments issued under share-based payment arrangements that are not included in the cost of goods or services that is recognizable for financial reporting purposes? For this purpose, excess tax benefits should be determined on an individual award (or a portion thereof) basis?</p>	_____	_____	_____
<p><i>i.</i> Payments for debt issue costs? [FASB ASC 230-10-45 par. 14–15]</p>	_____	_____	_____
<p>12. Are cash payments made to settle an asset retirement obligation classified in the statement of cash flows as an operating activity? [FASB ASC 230-10-45-17(e)]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
13. Except for certain items whose turnover is quick, amounts are large, and maturities are short, are cash receipts and cash payments from investing and financing activities shown separately on the statement of cash flows? [FASB ASC 230-10-45 par. 8–9 and 26]	_____	_____	_____
14. If an other-than-insignificant financing element is present at inception, other than a financing element inherently included in an at-the-market derivative instrument with no prepayments (that is, the forward points in an at-the-money forward contract), does the borrower report all cash inflows and outflows associated with that derivative instrument as financing activities? [FASB ASC 230-10-45-27]	_____	_____	_____

Practice Tip

If there are only a few noncash transactions, it may be convenient to include them on the same page as the statement of cash flows. Otherwise, the transactions may be reported elsewhere in the financial statements, clearly referenced to the statement of cash flows.

[FASB ASC 230-10-50-6]

V. Summary of Significant Accounting Policies

Practice Tips

As you evaluate the completeness of the significant accounting policies, consider whether additions or revisions are required in response to recently issued accounting guidance. Also consider whether disclosures of accounting policies covered in other sections of this checklist are included.

If the accounting policy disclosures called for in sections such as these are not included in notes elsewhere in the financial statements, they should be included in the summary of accounting policies.

[FASB ASC 235-10-50-4]

Financial statement disclosure of accounting policies should not duplicate details (for example, composition of inventories or of plant assets) presented elsewhere as part of the financial statements. In some cases, the disclosure of accounting policies should refer to related details presented elsewhere as part of the financial statements; for example, changes in accounting policies during the period should be described with cross-reference to the disclosure required by FASB ASC 250.

[FASB ASC 235-10-50-5]

A. Accounting Policies

- | | | | |
|---|-------|-------|-------|
| 1. Is a description of all significant accounting policies of the reporting entity presented as either a separate summary preceding the notes to the financial statements or as the initial note?
[FASB ASC 235-10-50-6] | _____ | _____ | _____ |
| 2. Do the summary or notes identify and describe all significant accounting principles followed by the reporting entity and the methods of applying those principles that materially affect the determination of financial position, cash flows, and results of operations?
[FASB ASC 235-10-50-3] | _____ | _____ | _____ |

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
3.	Do those principles and methods identified in question 2 include all instances in which there			
	<i>a.</i> is a selection from existing acceptable alternatives?	_____	_____	_____
	<i>b.</i> are principles and methods peculiar to the industry in which the reporting entity operates, even if such principles and methods are predominantly followed in that industry?	_____	_____	_____
	<i>c.</i> are unusual or innovative applications of U.S. GAAP? [FASB ASC 235-10-50-3]	_____	_____	_____
4.	Is a description of the method for recognizing interest income on loan and trade receivables, including a statement about the entity's policy for treatment of related fees and costs, including the method of amortizing net deferred fees or costs included in the notes to the financial statements? [FASB ASC 310-20-50-1]	_____	_____	_____
5.	If (a) state prescribed statutory accounting practices differ from the National Association of Insurance Commissioners (NAIC) statutory accounting practices or (b) permitted state statutory accounting practices differ from either state prescribed statutory accounting practices or NAIC statutory accounting practices, is the following information about the use of prescribed or permitted statutory accounting practices (individually or in the aggregate) results in reported statutory surplus or risk-based capital that is significantly different from the statutory surplus or risk-based capital that would have been reported had NAIC statutory accounting practices been followed, disclosed:			
	<i>a.</i> If an insurance entity's risk-based capital would have triggered a regulatory event had it not used a permitted practice, is that fact disclosed in the financial statements?	_____	_____	_____
	<i>b.</i> A description of the prescribed or permitted statutory accounting practice by insurance entities at the date each financial statement is presented?	_____	_____	_____
	<i>c.</i> The related monetary effect on statutory surplus of using an accounting practice that differs from either state prescribed statutory accounting practices or NAIC statutory accounting practices by insurance entities at the date each financial statement is presented? ¹ [FASB ASC 944-505-50 par. 2-3]	_____	_____	_____

¹ Disclosures in this question should be applied by a U.S. insurance entity, a U.S. entity with a U.S. insurance subsidiary, or a foreign entity with a U.S. insurance subsidiary, if the entity prepares U.S. generally accepted accounting principles (GAAP) financial statements. If a foreign insurance entity that does not have a U.S. insurance subsidiary prepares U.S. GAAP financial statements or is included in its parent's consolidated U.S. GAAP financial statements, the notes to the financial statements should disclose permitted regulatory accounting practices that significantly differ from the prescribed regulatory accounting practices of its respective regulatory authority and their monetary effects.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. Are managements' policies and methodologies for estimating a liability for unpaid claims and claim adjustment expenses for difficult-to-estimate liabilities such as for claims for toxic waste cleanup, asbestos-related illnesses, or other environmental remediation exposures disclosed? [FASB ASC 944-40-50-4]	_____	_____	_____
7. Do the notes to the accompanying insurance entity's statutory financial statements contain a summary of significant accounting policies that discuss the following:			
a. Statutory accounting practices?	_____	_____	_____
b. Describe how this basis differs from GAAP? [AAG-LHI 3.21]	_____	_____	_____
8. For general-use statutory financial statements, are the effects of the differences between statutory accounting practices and GAAP, if quantified, disclosed? [AAG-LHI 15.32-.33]	_____	_____	_____
9. Has the insurance entity disclosed its accounting policy for internal replacements, including whether or not the entity has availed itself of the alternative application guidance in paragraphs 44-45 of FASB ASC 944-30-35, and if so, for which types of internal replacement transactions? [FASB ASC 944-30-50-4]	_____	_____	_____
10. Has the insurance entity disclosed its accounting policy for sales inducements, including:			
a. The nature of the costs deferred?	_____	_____	_____
b. The method of amortizing those costs? [FASB ASC 944-30-50-3(a)]	_____	_____	_____
11. For sales inducements, are the amount of costs deferred and amortized for each of the periods presented and the unamortized balance as of each balance sheet date disclosed? [FASB ASC 944-30-50-3]	_____	_____	_____

Notes: The amortization of a deferred sales inducement should be recognized as a component of benefit expense.
[FASB ASC 944-30-45-2]

See also part L, "Separate Account Assets" of the "Balance Sheet" section of this checklist for related accounting policy disclosures.

12. Has the insurance entity included a description of the methods used to account for foreign reinsurance? [FASB ASC 944-605-50-3]	_____	_____	_____
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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
B. Certain Significant Estimates			
1. If known information available before the financial statements are issued indicates that: (a) it is at least reasonably possible that the effect on the financial statements of a condition, situation, or set of circumstances that existed the date of the financial statements will change in the near term due to one or more future confirming events, and (b) the effect of the change would be material to the financial statements:			
a. Is disclosure made of the nature of the uncertainty, including an indication that it is at least reasonably possible that a change in the estimate will occur in the near term?	_____	_____	_____
b. If the estimate involves a loss contingency covered by FASB Statement No. 5, does the disclosure include an estimate of the possible range of loss, or state that such an estimate cannot be made?	_____	_____	_____
c. Does the disclosure describe the factors that cause the estimate to be sensitive to change? [FASB ASC 275-10-50 par. 8–9]	_____	_____	_____

Practice Tip

For public entities, additional disclosures regarding concentration of credit risk may be required by applicable SEC rules and regulations (for example, Item 303 of Regulation S-K, *Management's Discussion and Analysis of Financial Conditions and Results of Operations*). For banks and bank holding companies subject to the requirements of SEC Regulation S-X, Rule 9-03, and SEC Industry Guide 3, additional disclosures may be required.

VI. Interim Reporting

Notes: In March 2008, FASB issued Statement No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*, to enhance the current disclosure framework in FASB Statement No. 133. This statement has the same scope as FASB Statement No. 133 and, accordingly, applies to all entities.

This statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FASB Statement No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows.

FASB Statement No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Early application is encouraged. This statement encourages but does not re-

(continued)

Yes No N/A

quire disclosures for earlier periods presented for comparative purposes at initial adoption. In years after initial adoption, it requires comparative disclosures only for periods subsequent to initial adoption.

This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 161.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

☐A ☐B

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 815-10-65-1.

In April 2009, FASB issued FSP 107-1 and APB 28-1 to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded entities as well as in annual financial statements. This FSP also amends APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in summarized financial information at interim reporting periods. This FSP applies to all financial instruments within the scope of FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments*, held by publicly traded companies, as defined by APB Opinion No. 28.

FSP FAS 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends), with early adoption permitted for periods ending after March 19, 2009. An entity may early adopt this FSP only if it also elects to early adopt FSP FAS 157-4 and FSP FAS 115-2 and FAS 124-2. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoptions. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 107-1 and APB 28-1.

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

(continued)

Yes No N/A

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 825-10-65-1.

In April 2009, FASB issued FSP 115-2 and FAS 124-2 to determine whether the holder on an investment in a debt or equity security for which changes in fair value are not regularly recognized in earnings (such as securities classified as held-to-maturity or available-for-sale) should recognize a loss in earnings when the investment is impaired. This FSP amends the other-than-temporary impairment guidance in U.S. GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FSP does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities.

FSP FAS 115-2 and FAS 124-2 is effective for interim and annual reporting periods ending after June 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends). Earlier adoption for periods ending before March 15, 2009, is not permitted. If an entity elects to adopt early either FSP FAS 157-4 or FSP FAS 107-1 and APB 28-1, then entity is also required to adopt early this FSP. Additionally, if an entity elects to adopt early this FSP, it is required to adopt FSP FAS 157-4. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoptions. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 115-2 and FAS 124-2.

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 320-10-65-1.

1A. **(Issuers Only)** If the entity reports summarized financial information at interim dates (including reports on fourth quarters), has the following, at a minimum, been disclosed:

- a. Sales or gross revenues, provision for income taxes, extraordinary items (including related income tax effects), net income, and comprehensive income?
- b. Basic and diluted EPS data for each period presented, determined in accordance with the provisions of FASB ASC 260?
- c. Seasonal revenue, costs, or expenses?
- d. Significant changes in estimates or provisions for income taxes?
- e. Disposal of a component of an entity and extraordinary, unusual, or infrequently occurring items?

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>f.</i>	Contingent items?	_____	_____	_____
<i>g.</i>	Changes in accounting principles or estimates?	_____	_____	_____
<i>h.</i>	Significant changes in financial position?	_____	_____	_____
<i>i.</i>	All of the following information about reportable operating segments determined according to the provisions of FASB ASC 280, including provisions related to restatement of segment information in previously issued financial statements:			
<i>i.</i>	Revenues from external customers?	_____	_____	_____
<i>ii.</i>	Intersegment revenues?	_____	_____	_____
<i>iii.</i>	A measure of segment profit or loss?	_____	_____	_____
<i>iv.</i>	Total assets for which there has been a material change from the amount disclosed in the last annual report?	_____	_____	_____
<i>v.</i>	A description of differences from the last annual report in the basis of segmentation or in the measurement of segment profit or loss?	_____	_____	_____
<i>vi.</i>	A reconciliation of the total of the reportable segments' measures of profit or loss to the entity's consolidated income before income taxes, extraordinary items, and discontinued operations?	_____	_____	_____

Practice Tip

If an entity allocates items such as income taxes and extraordinary items to segments, the entity may choose to reconcile the total of the segments' measures of profit or loss to consolidated income after those items. Significant reconciling items should be separately identified and described in that reconciliation.

[FASB ASC 270-10-50-1(i)(6)]

<i>j.</i>	All of the following information about defined benefit pension plans and other defined benefit postretirement benefit plans, disclosed for all periods presented pursuant to the provisions of FASB ASC 715-20:	_____	_____	_____
<i>i.</i>	The amount of net periodic benefit cost recognized, for each period for which a statement of income is presented, showing separately the service cost component, the interest cost component, the expected return on plan assets for the period, the gain or loss component, the prior service cost or credit component, the transition asset or obligation component, and the gain or loss recognized due to a settlement or curtailment?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
ii.	The total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to FASB ASC 715-20-50-1? Estimated contributions may be presented in the aggregate combining contributions required by funding regulations or laws, discretionary contributions, and noncash contributions.	_____	_____	_____
k.	The information about the use of fair value to measure assets and liabilities recognized in the statement of financial position pursuant to paragraphs 1–6 of FASB ASC 820-10-50?	_____	_____	_____
l.	The information about derivative instruments as required by FASB ASC 815-10-50, 815-20-50, 815-25-50, 815-30-50, and 815-35-50?	_____	_____	_____
m.	The information about fair value of financial instruments as required by FASB ASC 825-10-50?	_____	_____	_____
n.	The information about certain investments in debt and equity securities as required by FASB ASC 320-10-50 and FASB ASC 942-320-50?	_____	_____	_____
o.	The information about other-than-temporary impairments as required by FASB ASC 320-10-50, 325-25-50, and 958-320-50? [“Pending Content” in FASB ASC 270-10-50-1]	_____	_____	_____

Practice Tip

If summarized financial data are regularly reported on a quarterly basis, the foregoing information with respect to the current quarter and the current year-to-date or the last 12 months to date should be furnished together with comparable data for the preceding year.

[“Pending Content” in FASB ASC 270-10-50-1]

1B. **(FASB Statement No. 161) (Issuers Only)** If the publicly traded entity reports summarized financial information at interim dates (including reports on fourth quarters), has the following, at a minimum, been disclosed:

a.	Sales or gross revenues, provision for income taxes, extraordinary items (including related income tax effects), net income, and comprehensive income?	_____	_____	_____
b.	Basic and diluted EPS data for each period presented, determined in accordance with the provisions of FASB ASC 260?	_____	_____	_____
c.	Seasonal revenue, costs, or expenses?	_____	_____	_____
d.	Significant changes in estimates or provisions for income taxes?	_____	_____	_____
e.	Disposal of a component of an entity and extraordinary, unusual or infrequently occurring items?	_____	_____	_____
f.	Contingent items?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
g.	Changes in accounting principles or estimates?	_____	_____	_____
h.	Significant changes in financial position?	_____	_____	_____
i.	All of the following information about reportable operating segments determined according to the provisions of FASB ASC 280, including provisions related to restatement of segment information in previously issued financial statements:			
i.	Revenues from external customers?	_____	_____	_____
ii.	Intersegment revenues?	_____	_____	_____
iii.	A measure of segment profit or loss?	_____	_____	_____
iv.	Total assets for which there has been a material change from the amount disclosed in the last annual report?	_____	_____	_____
v.	A description of differences from the last annual report in the basis of segmentation or in the measurement of segment profit or loss?	_____	_____	_____
vi.	A reconciliation of the total of the reportable segments' measures of profit or loss to the entity's consolidated income before income taxes, extraordinary items, and discontinued operations?	_____	_____	_____

Practice Tip

(FASB Statement No. 161) If an entity allocates items such as income taxes and extraordinary items to segments, the entity may choose to reconcile the total of the segments' measures of profit or loss to consolidated income after those items. Significant reconciling items should be separately identified and described in that reconciliation.

[FASB ASC 270-10-50-1(i)(6)]

j.	All of the following information about defined benefit pension plans and other defined benefit postretirement benefit plans, disclosed for all periods presented pursuant to the provisions of FASB ASC 715-20:			
i.	The amount of net periodic benefit cost recognized, for each period for which a statement of income is presented, showing separately the service cost component, the interest cost component, the expected return on plan assets for the period, the gain or loss component, the prior service cost or credit component, the transition asset or obligation component, and the gain or loss recognized due to a settlement or curtailment?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
ii.	The total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to FASB ASC 715-20-50-1. Estimated contributions may be presented in the aggregate combining all of the following: (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions?	_____	_____	_____
k.	The information about the use of fair value to measure assets and liabilities recognized in the statement of financial position pursuant to paragraphs 1–6 of FASB ASC 820-10-50?	_____	_____	_____
l.	The information about derivative instruments as required by FASB ASC 815-10-50, 815-20-50, 815-25-50, 815-30-50, and 815-35-50? [“Pending Content” in FASB ASC 270-10-50-1]	_____	_____	_____
2.	If the reporting entity is publicly traded and if interim financial data and disclosures are not separately reported for the fourth quarter, are accounting changes made during the fourth quarter, disposals of segments of a business, extraordinary, unusual, or infrequently occurring items recognized in the fourth quarter, and the aggregate effect of year-end adjustments that are material to the results of that quarter disclosed in a note to the financial statements? [FASB ASC 270-10-50-2]	_____	_____	_____
3.	Has the disclosure of the impact of the financial results for interim periods of the matters discussed in paragraphs 12–16 of FASB ASC 270-10-45 and paragraphs 5–6 of FASB ASC 270-10-50 been made? [FASB ASC 270-10-50-3]	_____	_____	_____
4.	Has balance sheet and cash flow data been published for the interim periods? (<i>Encouraged, but not required</i>) [FASB ASC 270-10-50-4]	_____	_____	_____
5.	Have extraordinary items been disclosed separately and including in the determination of net income for the period in which the occurred? [FASB ASC 270-10-50-5]	_____	_____	_____

Practice Tip

The disclosures in question 6 should be repeated in interim and annual reports until the contingencies have been removed, resolved, or have become immaterial. The significance of a contingency or uncertainty should be judged in relation to annual financial statements. Disclosures of such items should include, but not be limited to, those matters that form the basis of a qualification of an independent auditor's report.
[FASB ASC 270-10-50-6]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. Have contingencies and other uncertainties that could be expected to affect the fairness of presentation of financial data at an interim date been disclosed in the same manner required for annual reports? [FASB ASC 270-10-50-6]	_____	_____	_____

VII. Other Financial Statement Disclosures

A. Business Combinations

Notes: For entities for which FASB Statement No. 141(R) is applicable, complete part A1, "Business Combinations (Subject to FASB Statement 141(R))," following.

Because FASB Statement No. 141(R) is to be applied prospectively, based on the transition guidance, and because FASB used a target effective date of December 31, 2008, when authoring FASB ASC, FASB Statement No. 141 was not codified and included in FASB ASC. FASB ASC 805, *Business Combinations*, was created using only FASB Statement No. 141(R) and related content. As noted, it excluded content from FASB Statement No. 141 and related standards. To maintain a consistent presentation, FASB ASC 805 presents all content as pending content even though some content applies to business combinations before the effective date of FASB Statement No. 141(R). Accordingly, for business combinations applicable before the effective date in FASB ASC 805-10-65-1, users need to access FASB Statement No. 141 and any other relevant standards. This decision results in this section of the checklist containing references to pre-FASB SFAS 141(R) guidance, which has not been codified.

In December 2007, FASB issued Statement No. 141(R) to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. FASB Statement No. 141(R) supersedes FASB Statement No. 141 but retains the fundamental requirements in FASB Statement No. 141 that the acquisition method of accounting (formerly called the purchase method in FASB Statement No. 141) be used for all business combinations and that an acquirer be identified for each business combination.

Among many other significant amendments to existing pronouncements precipitated by FASB Statement No. 141(R), this statement redefines *goodwill* in FASB Statement No. 142 to mean an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

FASB Statement No. 141(R) applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquiree), including those sometimes referred to as *true mergers* or *mergers of equals* and combinations achieved without the transfer of consideration, for example, by contract alone or through the lapse of minority veto rights. This statement applies to all busi-

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>ness entities, including mutual entities that previously used the pooling-of-interests method of accounting for some business combinations. It does not apply to the following:</p> <ul style="list-style-type: none"> a. The formation of a joint venture b. The acquisition of an asset or a group of assets that does not constitute a business c. A combination between entities or businesses under common control d. A combination between not-for-profit entities or the acquisition of a for-profit business by a not-for-profit entity <p>This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). An entity may not apply it before that date.</p> <p>Part A1, "Business Combinations (Subject to FASB Statement No. 141(R))," of this checklist (following) has been updated to include the presentation and disclosure requirements of FASB Statement No. 141(R).</p> <p>Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.</p> <p>This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 805-10-65-1.</p>			
<p>1. Do the notes to the financial statements of a combined entity disclose the following information in the period in which a material business combination is completed:</p> <ul style="list-style-type: none"> a. The name and a brief description of the acquired entity and the percentage of voting equity interests acquired? b. The primary reasons for the acquisition, including a description of the factors that contributed to a purchase price that results in recognition of goodwill? c. The period for which the results of operations of the acquired entity are included in the income statement of the combined entity? d. The cost of the acquired entity and, if applicable, the number of shares of equity interests (such as common shares, preferred shares, or partnership interests) issued or issuable, the value assigned to those interests, and the basis for determining that value? e. A condensed balance sheet disclosing the amount assigned to each major asset and liability caption of the acquired entity at the acquisition date? 	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
f.	Contingent payments, options, or commitments specified in the acquisition agreement and the accounting treatment that will be followed should any such contingency occur?	_____	_____	_____
g.	The amount of purchased research and development assets acquired and written off in the period (refer to paragraph 42 of FASB Statement No. 141) and the line item in the income statement in which the amounts written off are aggregated?	_____	_____	_____
h.	For any purchase price allocation that has not been finalized, that fact and the reasons therefore?	_____	_____	_____
i.	In subsequent periods, the nature and amount of any material adjustment made to the initial allocation of the purchase price? [SFAS 141 par. 51]	_____	_____	_____
2.	Is the following information disclosed in the notes to the financial statements in the period in which a material business combination is completed if the amounts assigned to goodwill or to other intangible assets acquired are significant in relation to the total cost of the acquired entity:			
a.	For intangible assets subject to amortization,			
i.	the total amount assigned and the amount assigned to a major intangible asset class?	_____	_____	_____
ii.	the amount of any significant residual value, in total and by major intangible asset class?	_____	_____	_____
iii.	the weighted-average amortization period, in total and by major intangible asset class?	_____	_____	_____
b.	For intangible assets not subject to amortization the total amount assigned and the amount assigned to any major intangible asset class?	_____	_____	_____
c.	For goodwill,			
i.	the total amount of goodwill and the amount that is expected to be deductible for tax purposes?	_____	_____	_____
ii.	the amount of goodwill by reportable segment (if the combined entity is required to disclose segment information in accordance with FASB Statement No. 131), unless not practicable? [SFAS 141 par. 52]	_____	_____	_____
3.	If a series of individually immaterial business combinations completed during the period are material in the aggregate, is the following disclosed:			
a.	The number of entities acquired and a brief description of those entities?	_____	_____	_____
b.	The aggregate cost of the acquired entities, the number of equity interests, (such as common shares, preferred shares, or partnership interests) issued or issuable, and the value assigned to those interests?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
c.	The aggregate amount of any contingent payments, options, or commitments and the accounting treatment that will be followed should any contingency occur (if potentially significant in relation to the aggregate cost of the acquired entities)?	_____	_____	_____
d.	The information described in question 2, if the aggregate amount assigned to goodwill or to other intangible assets acquired is significant in relation to the aggregate cost of the acquired entities? [SFAS 141 par. 53]	_____	_____	_____
4.	If the combined entity is a public business enterprises, is the following supplemental information on a pro forma basis for the period in which a material business combinations occurs (or for the period in which a series of individually immaterial business combinations occur that are material in the aggregate) disclosed:			
a.	Results of operations for the current period as though the business combination or combinations had been completed at the beginning of the period unless the acquisition was at or near the beginning of the period?	_____	_____	_____
b.	Results of operations for the comparable period as though the business combination or combinations had been completed at the beginning of that period if comparative financial statements are presented? [SFAS 141 par. 54]	_____	_____	_____
5.	Does the supplemental pro forma information display revenue, income before extraordinary items and the cumulative effect of accounting changes, net income, and earnings per share at a minimum? (<i>Note:</i> In determining the pro forma amounts, income taxes, interest expense, preferred share dividends, and depreciation and amortization of assets should be adjusted to the accounting base recognized for each in recording the combination. Pro forma information related to results of operations of periods prior to the combination should be limited to the results of operations for the immediately preceding period.) [SFAS 141 par. 55]	_____	_____	_____
6.	Does the supplemental pro forma information disclose the nature and amount of material, nonrecurring items included in the reported pro forma results of operations, if any? [SFAS 141 par. 55]	_____	_____	_____
7.	In the period in which an extraordinary gain is recognized related to a business combination, do the notes to the financial statements disclose the information required by paragraph 11 of APB Opinion No. 30, <i>Disclosure of Lease Commitments by Lessees</i> ? [SFAS 141 par. 56]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8. If a material business combination is completed after the balance sheet date but before the financial statements are issued, is the information required by questions 1–2 disclosed if practicable? [SFAS 141 par. 57]	_____	_____	_____
<i>Interim Financial Information</i>			
9. For summarized interim financial information of a public business enterprise is the following information disclosed if a material business combination is completed during the current year up to the date of the most recent interim statement of financial position presented:			
a. The name and a brief description of the acquired entity and the percentage of voting equity interests acquired?	_____	_____	_____
b. The primary reasons for the acquisition, including a brief description of the factors that contributed to a purchase price that results in recognition of goodwill?	_____	_____	_____
c. The period for which the results of operations of the acquired entity are included in the income statement of the combined entity?	_____	_____	_____
d. The cost of the acquired entity and, if applicable, the number of shares of equity interests (such as common shares, preferred shares, or partnership interests) issued or issuable, the value assigned to those interests, and the basis for determining that value?	_____	_____	_____
e. Supplemental pro forma information that discloses the results of operations for the current interim period and the current year up to the date of the most recent interim statement of financial position presented (and for the corresponding periods in the preceding year) as though the business combination had been completed as of the beginning of the period reported on?	_____	_____	_____
f. The nature and amount of any material, nonrecurring items included in the reported pro forma results of operations?	_____	_____	_____
g. Do the pro forma information disclosures in item (e) display at a minimum, revenue, income before extraordinary items and the cumulative effect of accounting changes (including those on an interim basis), net income and earnings per share? [SFAS 141 par. 58]	_____	_____	_____
10. If, as part of a business combination accounted for as a purchase, a material liability is recognized by the combined entity for costs incurred to (a) exit an activity, (b) involuntarily terminate employees of an acquired entity, or (c) relocate employees of an acquired entity,			
a. are the following disclosures made for the period in which a purchase business combination occurs:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i. If the plans to exit an activity or involuntarily terminate (relocate) employees of the acquired entity are not final as of the balance sheet date, a description of any unresolved issues, the types of additional liabilities that may result in an adjustment to the purchase price allocation, and how any adjustment will be reported?	_____	_____	_____
ii. A description of the type and amount of liabilities assumed in the purchase price allocation for costs to exit an activity or involuntary terminate (relocate) employees?	_____	_____	_____
iii. A description of the major actions comprising the plan to exit an activity or involuntarily terminate (relocate) employees of an acquired entity?	_____	_____	_____
iv. A description of activities of the acquired entity that will not be continued, including the method of disposition, and the anticipated date of completion and description of employee group(s) to be terminated (relocated)?	_____	_____	_____
b. are the following disclosures made for all periods presented subsequent to the acquisition date in which a purchase business combination occurred, until a plan to exit an activity or involuntarily terminate or relocate employees of an acquired entity is fully executed:			
i. A description of the type and amount of exit costs, involuntary employee termination costs, and relocation costs paid and charged against the liability?	_____	_____	_____
ii. The amount of any adjustment to the liability account and whether the corresponding entry was an adjustment of the costs of the acquired entity or included in the determination of net income for the period? [EITF 95-3]	_____	_____	_____
11. Are the following disclosures made for business combinations between parties with a preexisting relationship:			
a. The nature of the preexisting relationship?	_____	_____	_____
b. The measurement of the settlement amount of the preexisting relationship, if any, and the valuation method used to determine the settlement amount?	_____	_____	_____
c. The amount of any settlement gain or loss recognized and its classification in the statement of operations? [EITF 04-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
12. Amounts previously recognized as goodwill should not be reclassified as an identifiable intangible asset, however, previously recognized goodwill should be tested for impairment by applying the consensus in step 2 of a goodwill impairment test. As a result of the application of EITF Issue No. 04-1, "Accounting for Preexisting Relationships between the Parties to a Business Combination," is any effect on a goodwill impairment charge reported in operating income? [EITF 04-1]	_____	_____	_____

A1. Business Combinations (Subject to FASB Statement No. 141(R))

Notes: In December 2007, FASB issued Statement No. 141(R) to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. FASB Statement No. 141(R) supersedes FASB Statement No. 141 but retains the fundamental requirements in FASB Statement No. 141 that the acquisition method of accounting (formerly called the purchase method in FASB Statement No. 141) be used for all business combinations and that an acquirer be identified for each business combination.

Among many other significant amendments to existing pronouncements precipitated by FASB Statement No. 141(R), this statement redefines goodwill in FASB Statement No. 142 to mean an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

FASB Statement No. 141(R) applies to all transactions or other events in which an entity (the acquirer) obtains control of one or more businesses (the acquiree), including those sometimes referred to as *true mergers* or *mergers of equals* and combinations achieved without the transfer of consideration, for example, by contract alone or through the lapse of minority veto rights. This statement applies to all business entities, including mutual entities that previously used the pooling-of-interests method of accounting for some business combinations. It does not apply to the following:

- a. The formation of a joint venture
- b. The acquisition of an asset or a group of assets that does not constitute a business
- c. A combination between entities or businesses under common control
- d. A combination between not-for-profit entities or the acquisition of a for-profit business by a not-for-profit entity

This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). An entity may not apply it before that date.

(continued)

Yes No N/A

This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 141(R).

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

☐ A ☐ B

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 805-10-65-1.

In April 2009, FASB amended FASB Statement No. 141(R) through the issuance of FSP FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies*. The FSP amends the initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. The FSP is effective for assets or liabilities arising from contingencies in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). As indicated in FASB ASC 270-10-50, the disclosures also apply to interim periods.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 141(R)-1.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

☐ A ☐ B

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org .			

FASB Statement No. 141(R) and FSP FAS 141(R)-1 require disclosures that enable users of its financial statements to evaluate			
a. the nature and financial effect of a business combination that occurs either during the current reporting period, or after the reporting date but before the financial statements are issued or are available to be issued (see FASB ASC 855-10-25).			
b. the financial effects of adjustments recognized in the current reporting period that relate to business combinations that occurred in the current or previous reporting periods.			

Practice Tip

(FASB Statement No. 141(R)) The acquirer should disclose information that enables users of its financial statements to evaluate the nature and financial effect of a business combination that occurs either during the current reporting period or after the reporting date but before the financial statements are issued or are available to be issued.

["Pending Content" in FASB ASC 805-10-50-1]

1B. (FASB Statement No. 141(R)) For each business combination that occurs during the reporting period, has the entity disclosed			
a. the name and a description of the acquiree?	_____	_____	_____
b. the acquisition date?	_____	_____	_____
c. the percentage of voting equity interests acquired?	_____	_____	_____
d. the primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree?	_____	_____	_____
e. for transactions that are recognized separately from the acquisition of assets and assumptions of liabilities in the business combination (see FASB ASC 805-10-25-20), all of the following:			
i. A description of each transaction?	_____	_____	_____
ii. How the acquirer accounted for each transaction?	_____	_____	_____
iii. The amounts recognized for each transaction and the line item in the financial statements in which each amount is recognized?	_____	_____	_____
iv. If the transaction is the effective settlement of a preexisting relationship, the method used to determine the settlement amount?	_____	_____	_____
f. for separately recognized transactions required in item (e),			

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
	i. the amount of acquisition-related costs, the amount recognized as an expense, and the line item or items in the income statement in which those expenses are recognized?	_____	_____	_____
	ii. the amount of any issuance costs not recognized as an expense and how they were recognized?	_____	_____	_____
g.	in a business combination achieved in stages, both of the following:			
	i. The acquisition-date fair value of the equity interest in the acquiree held by the acquirer immediately before the acquisition date?	_____	_____	_____
	ii. The amount of any gain or loss recognized as a result of remeasuring to fair value the equity interest in the acquiree held by the acquirer before the business combination (see FASB ASC 805-10-25-10) and the line item in the income statement in which that gain or loss is recognized?	_____	_____	_____
h.	(Issuers Only) if the acquirer is a public business entity, are all of the following disclosed:			
	i. The amounts of revenue and earnings of the acquiree since the acquisition date included in the consolidated income statement for the reporting period?	_____	_____	_____
	ii. The revenue and earnings of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period (supplemental pro forma information)?	_____	_____	_____
	iii. If comparative financial statements are presented, the revenue and earnings of the combined entity for the comparable prior reporting period as though the acquisition date for all business combinations that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period (supplemental pro forma information)? [“Pending Content” in FASB ASC 805-10-50-2]	_____	_____	_____

Practice Tips

(FASB Statement No. 141(R)) If disclosure of any of the information required by item (h) is impracticable, the acquirer should disclose that fact and explain why the disclosure is impracticable.
[“Pending Content” in FASB ASC 805-10-50-2(h)]

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<hr/>			
<p>(FASB Statement No. 141(R)) If the acquisition date of a business combination is after the reporting date but before the financial statements are issued or are available to be issued, the acquirer should disclose the information required by question 1B unless the initial accounting for the business combination is incomplete at the time the financial statements are issued or are available to be issued. In that situation, the acquirer should describe which disclosures could not be made and the reason why they could not be made. ["Pending Content" in FASB ASC 805-10-50-4]</p>			

<p>(FASB Statement No. 141(R)) If the acquisition date of a business combination is in the previous reporting period, the acquirer should disclose information that enables users of its financial statements to evaluate the financial effects of adjustments recognized in the current reporting period related to that prior business combination. ["Pending Content" in FASB ASC 805-10-50-5]</p>			
<hr/>			
2B.	<p>(FASB Statement No. 141(R)) For individually immaterial business combinations occurring during the reporting period that are material collectively, has the entity disclosed the information required by items (e)–(g) in question 1B in the aggregate? ["Pending Content" in FASB ASC 805-10-50-3]</p>		
3B.	<p>(FASB Statement No. 141(R)) If the initial accounting for a business combination is incomplete (see paragraphs 13–14 of FASB ASC 805-10-25) and the amounts recognized in the financial statements have been determined only provisionally, has the entity disclosed the following information for each material business combination (or, in the aggregate for individually immaterial business combinations that are material collectively):</p>		
a.	The reasons why the initial accounting is incomplete?	_____	_____
b.	The assets, liabilities, equity interests, or items of consideration for which the initial accounting is incomplete?	_____	_____
c.	The nature and amount of any measurement period adjustments recognized during the reporting period in accordance with FASB ASC 805-10-25-17? ["Pending Content" in FASB ASC 805-10-50-6]	_____	_____
4B.	<p>(FASB Statement No. 141(R) and FSP FAS 141(R)-1) With respect to identifiable assets and liabilities and any noncontrolling interest, has the entity disclosed all of the following for each business combination that occurs during the reporting period:</p>		
a.	For indemnification assets, all of the following:		
i.	The amount recognized as of the acquisition date?	_____	_____
ii.	A description of the arrangement and the basis for determining the amount of the payment?	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iii. An estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated? (If the maximum amount of the payment is unlimited, the entity should disclose that fact.)	_____	_____	_____
b. For acquired receivables not subject to the requirements of FASB ASC 310-30, all of the following (provided by major class of receivable, such as loans, direct financing leases in accordance with FASB ASC 840-30, and any other class of receivables):			
i. The fair value of the receivables?	_____	_____	_____
ii. The gross contractual amounts receivable?	_____	_____	_____
iii. The best estimate at the acquisition date of the contractual cash flows not expected to be collected?	_____	_____	_____
c. The amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed (see example 5 in FASB ASC 805-10-55-37)?	_____	_____	_____
d. For contingencies, in the footnote that describes the business combination,			
i. for assets and liabilities arising from contingencies recognized at the acquisition date (which may be aggregated for assets or liabilities arising from contingencies that are similar in nature), (1) the amounts recognized at the acquisition date and the measurement basis applied (that is, at fair value or at an amount recognized in accordance with FASB ASC 450, <i>Contingencies</i> , and FASB ASC 450-20-25), and (2) the nature of the contingencies?	_____	_____	_____
ii. for contingencies that are not recognized at the acquisition date, the disclosures required by FASB ASC 450 if the criteria for disclosures therein are met (which may be aggregated for assets and liabilities arising from contingencies that are similar in nature)?	_____	_____	_____
e. For each business combination in which the entity holds less than 100 percent of the equity interests in the acquiree,			
i. the fair value of the noncontrolling interest in the acquiree at the acquisition date?	_____	_____	_____
ii. the valuation technique(s) and significant inputs used to measure the fair value of the noncontrolling interest? [“Pending Content” in FASB ASC 805-20-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5B. (FASB Statement No. 141(R)) For individually immaterial business combinations occurring during the reporting period that are material collectively, has the entity disclosed the information required by question 4B in the aggregate? [“Pending Content” in FASB ASC 805-20-50-2]	_____	_____	_____
6B. (FASB Statement No. 141(R)) If the acquisition date of a business combination is after the reporting date but before the financial statements are issued or are available to be issued (as discussed in FASB ASC 855-10-25), has the entity disclosed			
a. the information required by question 4B (FASB ASC 805-20-50-1)?	_____	_____	_____
b. if the initial accounting for the business combination is incomplete at the time the financial statements are issued or are available to be issued, a description of which disclosures could not be made and the reason why they could not be made? [“Pending Content” in FASB ASC 805-20-50-3]	_____	_____	_____
7B. (FASB Statement No. 141(R)) With respect to goodwill, has the entity disclosed all of the following information for each business combination that occurs during the reporting period:			
a. A qualitative description of the factors that make up the goodwill recognized, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition, or other factors?	_____	_____	_____
b. The acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration, such as the following:			
i. Cash?	_____	_____	_____
ii. Other tangible or intangible assets, including a business or subsidiary of the acquirer?	_____	_____	_____
iii. Liabilities incurred, for example, a liability for contingent consideration?	_____	_____	_____
iv. Equity interests of the acquirer, including the number of instruments or interests issued or issuable and the method of determining the fair value of those instruments or interests?	_____	_____	_____
c. For contingent consideration arrangements, all of the following:			
i. The amount recognized as of the acquisition date?	_____	_____	_____
ii. A description of the arrangement and the basis for determining the amount of the payment?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iii. An estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated? If the maximum amount of the payment is unlimited, the acquirer should disclose that fact.	_____	_____	_____
d. The total amount of goodwill that is expected to be deductible for tax purposes?	_____	_____	_____
e. If the acquirer is required to disclose segment information in accordance with FASB ASC 280-10, the amount of goodwill by reportable segment? (If the assignment of goodwill to reporting units required by paragraphs 41–44 of FASB ASC 350-20-35 has not been completed as of the date the financial statements are issued or are available to be issued, the acquirer should disclose that fact.)	_____	_____	_____
f. In a bargain purchase (see paragraphs 2–4 of FASB ASC 805-30-25), both of the following:			
i. The amount of any gain recognized in accordance with FASB ASC 805-30-25-2 and the line item in the income statement in which the gain is recognized?	_____	_____	_____
ii. A description of the reasons why the transaction resulted in a gain? [“Pending Content” in FASB ASC 805-30-50-1]	_____	_____	_____
8B. (FASB Statement No. 141(R)) For individually immaterial business combinations occurring during the reporting period that are material collectively, has the entity disclosed the information required by question 7B in the aggregate? [“Pending Content” in FASB ASC 805-30-50-2]	_____	_____	_____
9B. (FASB Statement No. 141(R)) If the acquisition date of a business combination is after the reporting date but before the financial statements are issued or are available to be issued (as discussed in FASB ASC 855-10-25), has the entity disclosed	_____	_____	_____
a. the information required by questions 1B, 4B, and 7B?	_____	_____	_____
b. if the initial accounting for the business combination is incomplete at the time the financial statements are issued or are available to be issued, a description of which disclosures could not be made and the reason why they could not be made? [“Pending Content” in FASB ASC 805-10-50-4, FASB ASC 805-20-50-3, and FASB ASC 805-30-50-3]	_____	_____	_____
10B. (FASB Statement No. 141(R)) With respect to adjustments that relate to business combinations that occurred in the current or previous reporting periods, has the entity disclosed the following information for each material business combination:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. For each reporting period after the acquisition date until the entity collects, sells, or otherwise loses the right to a contingent consideration asset, or until the entity settles a contingent consideration liability or the liability is cancelled or expires, all of the following:			
i. Any changes in the recognized amounts, including any differences arising upon settlement?	_____	_____	_____
ii. Any changes in the range of outcomes (undiscounted) and the reasons for those changes?	_____	_____	_____
iii. The fair value disclosures required by paragraphs 1–3 of FASB ASC 820-10-50?	_____	_____	_____
b. A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period as required by FASB ASC 350-20-50-1? [“Pending Content” in FASB ASC 805-30-50-4]	_____	_____	_____

Practice Tip

(FASB Statement No. 141(R)) Paragraphs 1–5 of FASB ASC 805-50-45 provide guidance on financial statement presentation in the period of transfer and for periods before the transfer of assets and liabilities between entities under common control. Question 11B addresses incremental disclosures related to such a transaction. The receiving entity also should consider whether additional disclosures are required in accordance with FASB ASC 850-10-50, which provides guidance on related party transactions and certain common control relationships.

[“Pending Content” of FASB ASC 805-50-50 par. 1–4]

11B. **(FASB Statement No. 141(R))** If the entity is the receiving entity in transactions between entities under common control, has the following been disclosed for the period in which the transfer of assets and liabilities or exchange of equity interests has occurred:

- | | | | |
|---|-------|-------|-------|
| a. The name and brief description of the entity included in the reporting entity as a result of the net asset transfer or exchange of equity interests? | _____ | _____ | _____ |
| b. The method of accounting for the transfer of net assets or exchange of equity interests?
[“Pending Content” in FASB ASC 805-50-50-3] | _____ | _____ | _____ |

Practice Tip

(FASB Statement No. 141(R)) FASB ASC 805-740-30-3 describes a situation in which an acquirer reduces its valuation allowance for deferred tax assets as a result of a business combination. FASB ASC 740-10-50-9(h) requires disclosure of adjustments of the beginning-of-the-year balance of a valuation allowance because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset in future years. That would include, for example, any acquisition date income tax benefits or expenses recognized from changes in the acquirer’s valuation allowance for its previously existing deferred tax assets as a result of a business combination.

[“Pending Content” in FASB ASC 805-740-50-1]

Yes No N/A

B. Accounting Changes and Error Corrections

Practice Tip

In determining materiality for the purpose of reporting the correction of an error, amounts should be related to the estimated income for the full fiscal year and also to the effect on the trend of earnings. Changes that are material with respect to an interim period but not material with respect to the estimated income for the full fiscal year or to the trend of earnings should be separately disclosed in the interim period.
[FASB ASC 250-10-45-27]

Change in Accounting Principle

1. Is the following disclosed in the fiscal period in which a change in accounting principle is made (not required for subsequent periods):

- a. The nature of and reason for the change in accounting principle, including an explanation of why the newly adopted accounting principle is preferable?

- b. The method of applying the change, including all of the following:

- i. A description of the prior-period information that has been retrospectively adjusted, if any?

- ii. The effect of the change on income from continuing operations, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), any other affected financial statement line item, and any affected per-share amounts for the current period and any prior periods retrospectively adjusted? Presentation of the effect on financial statement subtotals and totals other than income from continuing operations and net income (or other appropriate captions of changes in the applicable net assets or performance indicator) is not required.

- iii. The cumulative effect of the change on retained earnings or other components of equity or net assets in the statement of financial position as of the beginning of the earliest period presented?

- iv. If retrospective application to all prior periods is impracticable, disclosure of the reasons therefore, and a description of the alternative method used to report the change (see paragraphs 5–7 of FASB ASC 250-10-45)?

- c. If indirect effects of a change in accounting principle are recognized,

- i. a description of the indirect effects of a change in accounting principle, including the amounts that have been recognized in the current period, and the related per-share amounts, if applicable?

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
ii. unless impracticable, the amount of the total recognized indirect effects of the accounting change and the related per-share amounts, if applicable, that are attributable to each prior period presented? [FASB ASC 250-10-50-1]	_____	_____	_____
2. If a change in accounting principle has no material effect in the period of change but is reasonably certain to have a material effect in later periods, are the disclosures required by question 1a provided whenever the financial statements of the period of change are presented? [FASB ASC 250-10-50-1]	_____	_____	_____
3. In the fiscal year in which a new accounting principle is adopted, does financial information reported for interim periods after the date of adoption include disclosure of the effect of the change on income from continuing operations, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), and related per-share amounts, if applicable, for those postchange interim periods? [FASB ASC 250-10-50-3]	_____	_____	_____

Practice Tip

(Issuers Only) A change in accounting principle made in an interim period should be reported by retrospective application in accordance with FASB ASC 250-10-45-5. However, the impracticability exception in FASB ASC 250-10-45-9 may not be applied to prechange interim periods of the fiscal year in which the change is made. When retrospective application to prechange interim periods is impracticable, the desired change may only be made as of the beginning of a subsequent fiscal year.
 [FASB ASC 250-10-45-14]

4. **(Issuers Only)** If a public entity that regularly reports interim information makes an accounting change during the fourth quarter of its fiscal year and does not report the data specified by FASB ASC 270-10-50-1, in a separate fourth-quarter report or in its annual report, does the entity include disclosure of the effects of the accounting change on interim-period results, as required by FASB ASC 250-10-50-1, in a note to the annual financial statements for the fiscal year in which the change is made?
 [FASB ASC 250-10-45-15]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Change in Accounting Estimate</i>			
5. Is the effect on income from continuing operations, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), and any related per-share amounts of the current period disclosed for a change in estimate that affects several future periods, such as a change in service lives of depreciable assets? Disclosure of those effects is not necessary for estimates made each period in the ordinary course of accounting for items such as uncollectible accounts or inventory obsolescence; however, if the effect of a change in the estimate is material, is it disclosed? [FASB ASC 250-10-50-4]	_____	_____	_____
6. When an entity effects a change in estimate by changing an accounting principle, are the disclosures required by questions 1–3 made? [FASB ASC 250-10-50-4]	_____	_____	_____
7. If a change in estimate does not have a material effect in the period of change but is reasonably certain to have a material effect in later periods, is a description of that change in estimate disclosed whenever the financial statements of the period of change are presented? [FASB ASC 250-10-50-4]	_____	_____	_____
<i>Change in the Reporting Entity</i>			
8. When there has been a change in the reporting entity, do the financial statements of the period of the change describe the nature of the change and the reason for it? [FASB ASC 250-10-50-6]	_____	_____	_____
9. Is the effect of the change on income before extraordinary items, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), other comprehensive income, and any related per-share amounts disclosed for all periods presented? [FASB ASC 250-10-50-6]	_____	_____	_____
10. If a change in reporting entity does not have a material effect in the period of change but is reasonably certain to have a material effect in later periods, is the nature of and reason for the change disclosed whenever the financial statements of the period of change are presented? [FASB ASC 250-10-50-6]	_____	_____	_____

Practice Tip

FASB ASC 805-10-50, FASB ASC 805-20-50, FASB ASC 805-30-50, and FASB ASC 805-740-50 describe the manner of reporting and the disclosures required for a business combination.
[FASB ASC 250-10-50-6]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
11. If a change in reporting entity results in financial statements that are, in effect, the statements of a different reporting entity, has the change been retrospectively applied to all periods presented? [FASB ASC 250-10-45-21]	_____	_____	_____
<i>Correction of an Error in Previously Issued Financial Statements</i>			
12. When financial statements are restated to correct an error, does the entity disclose that its previously issued financial statements have been restated, along with a description of the nature of the error? Does the entity also disclose the following:			
a. The effect of the correction on each financial statement line item and any per-share amounts affected for each prior period presented?	_____	_____	_____
b. The cumulative effect of the change on retained earnings or other appropriate components of equity or net assets in the statement of financial position, as of the beginning of the earliest period presented? [FASB ASC 250-10-50-7]	_____	_____	_____
13. In addition, does the entity make the following disclosures of prior-period adjustments and restatements (see also FASB ASC 205-10-45 and FASB ASC 205-10-50-1):			
a. For single period financial statements, the effects (including applicable income taxes) of such restatement on the balance of retained earnings at the beginning of the period and on the net income of the immediately preceding period?	_____	_____	_____
b. For multiple-period financial statements, the effects (including applicable income taxes) for each of the periods included in the statements, in total and by class, of the correction on change in net assets for each of the periods presented? [FASB ASC 250-10-50-9]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
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C. Commitments and Contingencies (See also part I, "Guarantees.")

Notes: In June 2008, FASB issued a proposed Statement of Financial Accounting Standards titled *Disclosure of Certain Loss Contingencies—an amendment of FASB Statements No. 5 and 141(R)* that would replace the disclosure requirements in FASB Statement No. 5 for loss contingencies that are recognized as liabilities in a statement of financial position and for unrecognized loss contingencies that would be recognized as liabilities if the criteria for recognition in paragraph 8 of FASB Statement No. 5 were met. Loss contingencies that are (or would be) recognized as asset impairments would continue to be disclosed in accordance with FASB Statement No. 5. This proposed statement would also amend FASB Statement No. 141(R) to require the disclosures included in this statement for loss contingencies recognized in a business combination. This proposed statement would not change the recognition and measurement guidance for loss contingencies contained in FASB Statement No. 5 and in FASB Statement No. 141(R).

On September 24, 2008, FASB decided on a plan for redeliberations and directed the staff to prepare an alternative model that will attempt to address the concerns that certain constituents raised about this proposed statement. This alternative model will be field tested along with the model in the exposure draft. The board also decided that any final statement on this topic will be effective no sooner than for fiscal years ending after December 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends).

FASB began redeliberation of disclosure of certain loss contingencies at the August 19, 2009 meeting. They plan to continue redeliberations in a future meeting. FASB did not rule out the possibility that final guidance on this project could be effective for fiscal years ending after December 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends).

This checklist has not been updated to include the presentation and disclosure requirements of this proposed statement. Readers may continue to check the status of this proposed statement on the FASB Web site at www.fasb.org.

- | | | | |
|--|-------|-------|-------|
| <p>1. Is disclosure made of the nature of estimated loss contingencies accrued when (a) information available prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability incurred at the date of the financial statements and (b) the amount of loss can be reasonably estimated?
[FASB ASC 450-20-25-2; FASB ASC 450-20-50-1]</p> | _____ | _____ | _____ |
| <p>2. If necessary to keep the financial statements from being misleading, are the amounts of contingencies accrued as described in question 1 disclosed?
[FASB ASC 450-20-50-1]</p> | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. If the criteria in FASB ASC 275-10-50-8 are met, has the entity disclosed that it is at least reasonably possible that a change in an entity's estimate of its liability could occur in the near term? (FASB ASC 450-20-55-36 illustrates this disclosure for an entity involved in litigation.) [FASB ASC 450-20-50-2; FASB ASC 275-10-50-9]	_____	_____	_____
4. For loss contingencies not accrued because one or both of the conditions described in question 1 are not met or if an exposure to loss exists in excess of the amount accrued for a loss contingency, do disclosures indicate the			
a. nature of the contingency?	_____	_____	_____
b. estimate of possible loss or range of loss, or a statement that such estimate cannot be made? [FASB ASC 450-20-50 par. 3-4]	_____	_____	_____

Practice Tips

Disclosure is preferable to accrual when a reasonable estimate of loss cannot be made. For example, disclosure should be made of any loss contingency that meets the condition in FASB ASC 450-20-25-2(a), question 1, but that is not accrued because the amount of loss cannot be reasonably estimated. Disclosure also should be made of some loss contingencies that do not meet the condition in FASB ASC 450-20-25-2(a), question 1, namely, those contingencies for which there is a reasonable possibility that a loss may have been incurred even though information may not indicate that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements.
[FASB ASC 420-10-50-5]

Disclosure is not required of a loss contingency involving an unasserted claim or assessment if there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless both of the following conditions are met:

- It is considered probable that a claim will be asserted.
- There is a reasonable possibility that the outcome will be unfavorable.

Further, disclosure of noninsured or underinsured risks is encouraged but not required.
[FASB ASC 450-20-50 par. 6-7]

Disclosure of a loss, or a loss contingency, arising after the date of an entity's financial statements but before those financial statements are issued, as described in paragraphs 6-7 of FASB ASC 450-20-25, may be necessary to keep the financial statements from being misleading if an accrual is not required. If disclosure is deemed necessary, the financial statements should include both of the following:

- The nature of the loss or loss contingency
- An estimate of the amount or range of loss or possible loss or a statement that such an estimate cannot be made

Occasionally, in the case of a loss arising after the date of the financial statements if the amount of asset impairment or liability incurrence can be reasonably estimated, disclosure may best be made by supplementing the historical financial statements with pro forma financial data giving effect to the loss as if it had occurred at the date of the financial statements. It may be desirable to present pro forma statements, usually a balance sheet only, in columnar form on the face of the historical financial statements.
[FASB ASC 450-20-50 par. 9-10]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. Are the nature and amount of guarantees disclosed (for example, guarantees of indebtedness of others, guarantees to repurchase receivables (or, in some cases, the related property) that have been sold or otherwise assigned) even though the possibility of loss may be remote? [FASB ASC 460-10-50 par. 2-3]	_____	_____	_____
6. Are gain contingencies adequately disclosed with care to avoid any misleading implications about likelihood of realization? [FASB ASC 450-30-50-1]	_____	_____	_____
7. Has the entity disclosed the following items:			
a. Unused letters of credit?	_____	_____	_____
b. Long term leases?	_____	_____	_____
c. Assets pledged as securities for loans?	_____	_____	_____
d. Pension plans?	_____	_____	_____
e. The existence of cumulative preferred stock dividends in arrears?	_____	_____	_____
f. Commitments for plant acquisitions to reduce debts, maintain working capital, or restrict dividends? [FASB ASC 440-10-50-1]	_____	_____	_____
8. Have any unconditional purchase obligations, exhibiting all of the following characteristics been disclosed in accordance with FASB ASC 440-10-50-4, question 10, (if not on the balance sheet) or in accordance with FASB ASC 440-10-50-6, question 11 (if recorded on the balance sheet):			
a. It is noncancelable, or cancelable only in any of the following circumstances:			
i. Upon the occurrence of some remote contingency?	_____	_____	_____
ii. With the permission of the other party?	_____	_____	_____
iii. If a replacement agreement is signed between the same parties?	_____	_____	_____
iv. Upon payment of a penalty in an amount such that continuation of the agreement appears reasonably assured?	_____	_____	_____
b. It was negotiated as part of arranging financing for the facilities that will provide the contracted goods or services or for costs related to those goods or services (for example, carrying costs for contracted goods)? A purchaser is not required to investigate whether a supplier used an unconditional purchase obligation to help secure financing, if the purchaser would otherwise be unaware of that fact.	_____	_____	_____
c. It has a remaining term in excess of one year? [FASB ASC 440-10-50-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
9. For long term unconditional purchase obligations that are not recorded in the purchaser's balance sheet, are the following disclosed:			
a. Nature and term of the obligations?	_____	_____	_____
b. Amount of the fixed and determinable portion of the obligations as of the date of the latest balance sheet presented in the aggregate and, if determinable, for each of the next five years?	_____	_____	_____
c. Nature of any variable components of the obligation?	_____	_____	_____
d. Amounts of purchases under the obligations for each year for which an income statement is presented? [FASB ASC 440-10-50-4]	_____	_____	_____
10. If an unconditional purchase obligation is subject to the requirements of both FASB ASC 440-10 and FASB ASC 815-10, has the entity complied with those disclosure requirements of FASB ASC, including question 8? (See also part I "Guarantees" in the "Other Financial Statement Disclosures" section of this checklist.) [FASB ASC 440-10-50-7]	_____	_____	_____
11. For unconditional purchase obligations that meet the criteria of FASB ASC 440-10-50-2 and that have been recognized on the purchaser's balance sheet, has the entity disclosed for each of the 5 years following the date of the latest balance sheet presented the aggregate amount of payments? [FASB ASC 440-10-50-6]	_____	_____	_____

Notes: In May, 2009, FASB Statement No. 163, *Accounting for Financial Guarantee Insurance Contracts—an Interpretation of FASB Statement No. 60*, was released to amend FASB Statement No. 107 to eliminate inconsistencies in the recognition and measurement of claim liabilities. This statement clarifies how FASB Statement No. 60 applies to financial guarantee insurance contracts, including the recognition and measurement of premium revenue and claim liabilities. This statement also requires expanded disclosures about financial guarantee insurance contracts.

This statement applies to financial guarantee insurance (and reinsurance) contracts issued by entities that are included within the scope of paragraph 6 of FASB Statement No. 60 and that are not accounted for as derivative instruments.

FASB Statement No. 163 is effective for financial statements issued for fiscal years beginning after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends), and interim periods within those fiscal years. However, many of the disclosure requirements are effective for the first period (including interim periods) beginning after issuance.

This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 163.

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org. This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 944-20-65-1.</p> <p>As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entities year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):</p> <p><u> </u>A <u> </u>B</p> <p>Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.</p>			

Practice Tip

(FASB Statement No. 163) Fair value disclosures are required for all financial instruments, whether recognized or not recognized in the statement of financial position, except that the disclosures about fair value in paragraphs 10-16 of FASB ASC 825-10-50 are not required for several classes of financial instruments (see "Pending Content" in FASB ASC 825-10-50-8).
 ["Pending Content" in FASB ASC 825-10-50-8]

12B. In each annual period (and interim period), for financial guarantee insurance contracts where premiums are received as payments over the period of the contract, rather than at inception, has the insurance entity disclosed:

- a. The premium receivable and the unearned premium revenue as of the date(s) of the statement of financial position and the line item in the statement of financial position where those amounts are reported (if not presented separately)?
- b. The amount of accretion on the premium receivable and the line item in the statement of income where that amount is reported (if not presented separately)?
- c. The weighted-average risk-free rate used to discount the premiums expected to be collected and the weighted-average period of the premium receivable?
 [FASB ASC 944-310-50-3]

_____	_____	_____
_____	_____	_____
_____	_____	_____

13B. In each annual period (and interim period), has the insurance entity disclosed a schedule of premiums expected to be collected related to the premium receivable detailing both of the following:

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<ul style="list-style-type: none"> a. The four quarters of the subsequent annual period and each of the next four annual periods? b. The remaining periods aggregated in five-year increments? [FASB ASC 944-310-50-3] 	_____	_____	_____
14B. In each annual period (and interim period), has the insurance entity disclosed a rollforward of the premium receivable for the period, including all of the following:			
<ul style="list-style-type: none"> a. The beginning premium receivable? b. Premium payments received? c. New business written? d. Adjustments to the premium receivable, including all of the following: <ul style="list-style-type: none"> i. Adjustments for changes in the period of a financial guarantee insurance contract? ii. An explanation of why the adjustments in (d)(i) occurred? iii. Accretion of the premium receivable discount? iv. Other adjustments with explanations provided? e. The ending premium receivable? [FASB ASC 944-310-50-3] 	_____	_____	_____
15B. In each annual period (and interim period), for premium revenue recognition that has been accelerated, has the insurance entity disclosed the amount and reasons for acceleration? [FASB ASC 944-605-50-4]	_____	_____	_____
16B. In each annual period (and interim period), has the insurance entity disclosed a schedule of the future expected premium revenue as of the latest date of the statement of financial position detailing both of the following:			
<ul style="list-style-type: none"> a. The four quarters of the subsequent annual period and each of the next four annual periods? b. The remaining periods aggregated in five-year increments? [FASB ASC 944-605-50-4] 	_____	_____	_____
17B. In each annual period (and in an interim period if a significant change has occurred in that interim period) has the insurance entity disclosed the following for the claim liability:			
<ul style="list-style-type: none"> a. The weighted-average risk-free rate used to discount the claim liability? b. The significant component(s) of the change in the claim liability for the period (such as changes in the discount rate, the accretion of the discount on the claim liability, changes in the timing, changes in the likelihood of default)? c. The amount relating to the component(s) in item (b)? 	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. The line item in the statement of income where the amount or amounts in item (b) are reported (unless separately disclosed)? [FASB ASC 944-40-50-9]	_____	_____	_____
18B. For each interim period, has the insurance entity disclosed for the claim liability a schedule of insured financial obligations at the end of each interim period detailing, at a minimum, all of the following for each category or grouping of these financial obligations:			
a. Number of issued and outstanding financial guarantee insurance contracts?	_____	_____	_____
b. Remaining weighted-average contract period?	_____	_____	_____
c. Insured contractual payments outstanding, segregating principal and interest?	_____	_____	_____
d. Gross claim liability?	_____	_____	_____
e. Gross potential recoveries?	_____	_____	_____
f. Discount, net (both claim liability and potential recoveries)?	_____	_____	_____
g. Net claim liability?	_____	_____	_____
h. Reinsurance recoverables?	_____	_____	_____
i. Unearned premium revenue? [FASB ASC 944-40-50-9]	_____	_____	_____
19B. For each annual period (and in an interim period if a significant change has occurred in that interim period), has the insurance entity disclosed a description of the insurance entity's risk management activities used to track and monitor deteriorating insured financial obligations, including all of the following:			
a. A description of each grouping or category used to track and monitor deteriorating insured financial obligations?	_____	_____	_____
b. The insurance entity's policies for placing an insured financial obligation in, and monitoring, each grouping or category?	_____	_____	_____
c. The insurance entity's policies for avoiding or mitigating claim liabilities?	_____	_____	_____
d. The related expense and liability reported during the period for risk mitigation activities (not including reinsurance)?	_____	_____	_____
e. A description of where the risk mitigation activities expense and liability are reported in the statement of income and the statement of financial position, respectively? [FASB ASC 944-40-50-9]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
20B. Has the insurance entity disclosed information that enables users of its financial statements to understand the factors affecting the present and future recognition and measurement of financial guarantee insurance contracts? [FASB ASC 944-20-50-7]	_____	_____	_____
D. Current Vulnerability Due to Certain Concentrations			
1. If the entity has concentrations that exist at the date of the financial statements, those concentrations make the entity vulnerable to the risk of a near term severe impact, and it is at least reasonably possible that the events that could cause the severe impact will occur in the near term, have the concentrations been disclosed, including information that is adequate to inform users of the general nature of the risk associated with the concentration? [FASB ASC 275-10-50 par. 16 and 20]	_____	_____	_____

Practice Tip

Concentrations, including known group concentrations, described in the following list require disclosure if they meet the criteria of FASB ASC 275-10-50-16 (question 1). (Group concentrations exist if a number of counterparties or items that have similar economic characteristics collectively expose the reporting entity to a particular kind of risk.) Some concentrations may fall into more than one of the following categories:

- *Concentrations in the volume of business transacted with a particular customer, supplier, lender, grantor, or contributor.* The potential for the severe impact can result, for example, from total or partial loss of the business relationship. For purposes of FASB ASC 275-10, it is always considered at least reasonably possible that any customer, grantor, or contributor will be lost in the near term.
- *Concentrations in revenue from particular products, services, or fund-raising events.* The potential for the severe impact can result, for example, from volume or price changes or the loss of patent protection for the particular source of revenue.
- *Concentrations in the available sources of supply of materials, labor, or services, or of licenses or other rights used in the entity's operations.* The potential for the severe impact can result, for example, from changes in the availability to the entity of a resource or a right.
- *Concentrations in the market or geographic area in which an entity conducts its operations.* The potential for the severe impact can result, for example, from negative effects of the economic and political forces within the market or geographic area. For purposes of FASB ASC 275-10, it is always considered at least reasonably possible that operations located outside an entity's home country will be disrupted in the near term.

The concentrations of financial instruments, and other concentrations not described in the preceding list, may be required to be disclosed pursuant to other guidance included in FASB ASC. If adequate information about concentrations is presented in other parts of the financial statements in accordance with other guidance included in FASB ASC, that information need not be repeated.

[FASB ASC 275-10-50 par. 18–19]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. For those concentrations of labor subject to collective bargaining agreements and concentrations of operations located outside the reporting entity's home country that (a) exist at the date of the financial statements and (b) make the reporting entity vulnerable to the risk of a near term severe impact, where it is at least reasonably possible that the events that could cause the severe impact will occur in the near term, are the following disclosed:			
a. The percentage of labor force covered by a collective agreement and the percentage of the labor force covered by a collective bargaining agreement that will expire in one year?	_____	_____	_____
b. For operations located outside the reporting entity's home country, the carrying amounts of net assets and the geographic areas in which they are located? [FASB ASC 275-10-50-20]	_____	_____	_____

Practice Tip

FASB ASC 275-10-50 does not prohibit entities from also stating in disclosures of concentrations related to customers, grantors, or contributors or operations located outside the entity's home country that the entity does not expect that the business relationship will be lost or does not expect that the foreign operations will be disrupted if such is the case.

[FASB ASC 275-10-50-20]

3. Certain loan products have contractual terms that expose entities to risks and uncertainties that fall into one or more categories, as discussed in FASB ASC 275-10-50-1. If they meet the requirements of FASB ASC 275-10-50-16, are other concentrations disclosed? [FASB ASC 310-10-50-25; FASB ASC 275-10-50-16]	_____	_____	_____
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Practice Tip

The guidance in FSP SOP 94-6-1, *Terms of Loan Products That May Give Rise to a Concentration of Credit Risk*, addresses the adequacy of disclosures for all lending products (including both secured and unsecured loans) and the effect of changes in market or economic conditions on the adequacy of those disclosures. An entity should provide the disclosures required by FASB ASC 825-10 for products that are determined to represent a concentration of credit risk. Examples of possible shared characteristics on which significant concentrations may be determined are in FASB ASC 825-10-55-1.

[FASB ASC 825-10-50 par. 20–21; FASB ASC 825-10-55-1]

E. Employee Stock Ownership Plans

1. For any employee stock ownership plans (ESOPs) sponsored by the entity, do the financial statements include disclosure of			
a. a description of the plan?	_____	_____	_____
b. the basis for determining contributions?	_____	_____	_____
c. the employee groups covered?	_____	_____	_____
d. the nature and effect of significant matters affecting comparability of information for all periods presented?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>e.</i> for leveraged ESOPs and pension reversion ESOPs, the basis for releasing shares and how dividends on allocated and unallocated shares are used? [FASB ASC 718-40-50-1(a)]</p>	_____	_____	_____
2. A description of the accounting policies followed for ESOP transactions, including			
<i>a.</i> the method of measuring compensation?	_____	_____	_____
<i>b.</i> the classification of dividends on ESOP shares?	_____	_____	_____
<i>c.</i> the treatment of ESOP shares for EPS computation? [FASB ASC 718-40-50-1(b)]	_____	_____	_____
3. If the entity has both old ESOP shares for which it does not adopt the guidance in FASB ASC 718-40 [see FASB ASC 105-10-70-2(c)], and new ESOP shares for which the guidance in FASB ASC 718-40 is required, are the accounting policies set forth in question 2 disclosed for both blocks of shares? [FASB ASC 718-40-50-1(b)]	_____	_____	_____
4. Is the amount of compensation cost recognized during the period disclosed? [FASB ASC 718-40-50-1(c)]	_____	_____	_____
5. Is the number of allocated shares, committed-to-be-released shares, and suspense shares held by the ESOP at the balance-sheet date disclosed? (<i>Note:</i> This disclosure should be made separately for shares accounted for under FASB ASC 718-40 and for grandfathered employee stock ownership plan shares [see FASB ASC 105-10-70-2(c)].) [FASB ASC 718-40-50-1(d)]	_____	_____	_____
6. Is the fair value of unearned ESOP shares at the balance-sheet date for shares accounted for under FASB ASC 718-40 disclosed? [FASB ASC 718-40-50-1(e)]	_____	_____	_____
7. Is disclosure made of the existence and nature of any repurchase obligation, including disclosure of the fair value (see FASB ASC 718-40-30-4) of the shares allocated as of the balance-sheet date, which are subject to a repurchase obligation? [FASB ASC 718-40-50-1(f)]	_____	_____	_____
8. The amount and treatment in the EPS computation of the tax benefit related to dividends paid to any employee stock ownership plan, if material. [FASB ASC 718-40-50-1(g)]	_____	_____	_____
9. If the reporting entity issues shares or sells treasury shares to an ESOP or if a leveraged ESOP buys outstanding shares on the market rather than from the employer, has a corresponding charge to unearned ESOP shares, a contra-equity account presented as a separate item in the balance sheet, been reported? [FASB ASC 718-40-45-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
10. If the ESOP used assets from a terminated defined benefit pension plan to purchase employer shares, has a corresponding charge to unearned ESOP shares, a contra-equity account presented as a separate item in the balance sheet, been reported? [FASB ASC 718-40-25-4]	_____	_____	_____
11. If the employer sponsors an ESOP with an indirect loan, is the outside loan reported as a liability and the receivable from the ESOP not reported on the employer's balance sheet? [FASB ASC 718-40-25-9(b)]	_____	_____	_____
12. If the employer sponsors an ESOP with an employer loan, is the employer's note receivable from the ESOP not reported in the employer's balance sheet? [FASB ASC 718-40-25-9(e)]	_____	_____	_____
13. If any grandfathered shares (FASB ASC 105-10-70-2[c]) are still being accounted for in accordance with SOP 76-3, <i>Accounting Practices for Certain Employee Stock Ownership Plans</i> (AICPA, <i>Technical Practice Aids</i> , ACC sec. 10,130), is still being followed for ESOP shares purchased before December 31, 1992, and if the reporting entity has guaranteed the debt of an ESOP or made a commitment to make future contributions to the ESOP sufficient to meet debt service requirements, are the compensation element and the interest element of annual contributions reported separately and are the interest rate and debt terms disclosed in the notes to the financial statements? [SOP 76-3 par. 10 (ACC 10,130.10)]	_____	_____	_____

F. Employers' Disclosures for Defined Benefit Pension and Other Postretirement Plans

Notes: In September 2006, FASB issued Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)*. FASB Statement No. 158 requires, among other provisions, an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. This statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions.

The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position (see paragraphs 5–6 and 9 of FASB Statement No. 158) is effective for fiscal years ending after December 15, 2008 (that is, December 31, 2008, for entities with calendar year-ends). If in the last quarter of the preceding fiscal year an employer enters into a transaction that results in a settlement or experiences an event that causes a curtailment of the plan, the related gain or loss pursuant to FASB Statement No. 88 or FASB Statement No. 106 is required to

(continued)

Yes No N/A

be recognized in earnings or changes in unrestricted net assets of that quarter.

Earlier application of the recognition or measurement date provisions is encouraged; however, early application must be for *all* of an employer's benefit plans. Retrospective application of the statement is not permitted.

This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 158.

Readers can refer to the full text of FASB Statement No. 158 on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 715-20-65-1.

In December 2008, FASB issued FSP FAS 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets*, to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. One objective is to disclose information about fair value measurements of plan assets that would be similar to the disclosures required by FASB Statement No. 157, *Fair Value Measurements*.

The disclosures about plan assets required by this FSP should be provided for fiscal years ending after December 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends). Upon initial application, the provisions of this FSP are not required for earlier periods presented for comparative purposes. Earlier application is permitted.

This FSP also includes a technical amendment to FASB Statement No. 132(R) that requires a nonpublic entity to disclose net periodic benefit cost for each annual period for which a statement of income is presented. This amendment was effective upon issuance.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 132(R)-1.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

☐ A ☐ B

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 715-20-65-2.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1A. <i>(Issuers Only)</i> If an employer sponsors one or more defined benefit pension plans or one or more defined benefit postretirement plans has the following information been provided, separately for pension plans and other postretirement benefit plans:			
a. For each annual statement of income presented, the amounts recognized in OCI, showing separately the net gain or loss and net prior service cost or credit? Those amounts shall be separated into the following amounts arising during the period and reclassification adjustments of OCI as a result of being recognized as components of net periodic benefit cost for the period:			
i. Service cost?	_____	_____	_____
ii. Interest cost?	_____	_____	_____
iii. Contributions by plan participants?	_____	_____	_____
iv. Actuarial gains and losses?	_____	_____	_____
v. Foreign currency rate changes (the effects of foreign currency exchange rate changes that are to be disclosed are those applicable to plans of a foreign operation whose functional currency is not the reporting currency pursuant to FASB ASC 830-10-45)?	_____	_____	_____
vi. Benefits paid?	_____	_____	_____
vii. Plan amendments?	_____	_____	_____
viii. Business combinations?	_____	_____	_____
ix. Divestitures?	_____	_____	_____
x. Curtailments, settlements, and special and contractual termination benefits?	_____	_____	_____
b. A reconciliation of beginning and ending balances of the fair value of plan assets showing separately, if applicable, the effects during the period attributable to each of the following:			
i. Actual return on plan assets?	_____	_____	_____
ii. Foreign currency exchange rate changes?	_____	_____	_____
iii. Contributions by the employer?	_____	_____	_____
iv. Contributions by plan participants?	_____	_____	_____
v. Benefits paid?	_____	_____	_____
vi. Business combinations?	_____	_____	_____
vii. Divestitures?	_____	_____	_____
viii. Settlements?	_____	_____	_____
c. The funded status of the plans and the amounts recognized in the statement of financial position showing separately the assets and current and noncurrent liabilities recognized?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
d.	The following information about plan assets:			
i.	For each major category of plan assets (which should include but is not limited to equity securities, debt securities, real estate, and all other assets), the percentage of the fair value of total plan assets held as of the measurement date used for each statement of financial position presented?	_____	_____	_____
ii.	A narrative description of investment policies and strategies, including target allocation percentages or range of percentages for each major category of plan assets presented on a weighted-average basis as of the measurement date(s) of the latest statement of financial position presented, if applicable, and other factors that are pertinent to an understanding of the policies or strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations?	_____	_____	_____
iii.	A narrative description of the basis used to determine the overall expected long term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns, and how those adjustments were determined?	_____	_____	_____
iv.	Disclosure of additional asset categories and additional information about specific assets within a category is encouraged if that information is expected to be useful in understanding the risks associated with each asset category and the overall expected long term rate of return on assets?	_____	_____	_____
e.	For defined benefit pension plans, the accumulated benefit obligation?	_____	_____	_____
f.	The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter? The expected benefits should be estimated based on the same assumptions used to measure the entity's benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
g.	The employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented. Estimated contributions may be presented in the aggregate combining all of the following: (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions.	_____	_____	_____
h.	The amount of net benefit cost recognized, showing separately all of the following:			
i.	The service cost component?	_____	_____	_____
ii.	The interest cost component?	_____	_____	_____
iii.	The expected return on plan assets for the period?	_____	_____	_____
iv.	The gain or loss component?	_____	_____	_____
v.	The prior service cost or credit component?	_____	_____	_____
vi.	The transition asset or obligation component?	_____	_____	_____
vii.	The gain or loss recognized due to settlements or curtailments?	_____	_____	_____
i.	Separately the net gain or loss and net prior service cost or credit recognized in OCI for the period pursuant to FASB ASC 715-30-35-11, FASB ASC 715-30-35-21, FASB ASC 715-60-35-16, and FASB ASC 715-60-35-25, and reclassification adjustments of OCI for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost?	_____	_____	_____
j.	The amounts in accumulated OCI that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
k.	On a weighted-average basis, all of the following assumptions used in the accounting for the plans, specifying in a tabular format, the assumptions used to determine the benefit obligation and the assumptions used to determine net benefit cost:			
i.	Assumed discount rates?	_____	_____	_____
ii.	Rates of compensation increase (for pay-related plans)?	_____	_____	_____
iii.	Expected long term rates of return on plan assets?	_____	_____	_____
l.	The funded status of the plans and the amounts recognized in the statement of financial position showing separately the assets and current and noncurrent liabilities recognized?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>m.</i>	The effect of a one percentage point increase and the effect of a one percentage point decrease in the assumed health care cost trend rates on the aggregate of the service and interest cost components of net periodic postretirement health care benefit costs and the accumulated postretirement benefit obligation (APBO) for health care benefits? Measuring the sensitivity of the APBO and the combined service and interest cost components to a change in the assumed health care cost trend rates requires remeasuring the APBO as of the beginning and end of the year.	_____	_____	_____
<i>n.</i>	If applicable, the amounts and types of securities of the employer and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts, including annuity contracts issued by the employer or related parties, and any significant transactions between the employer or related parties and the plan during the period?	_____	_____	_____
<i>o.</i>	If applicable, any alternative method used to amortize prior service amounts or net gains and losses pursuant to FASB ASC 715-30-35-13 and FASB ASC 715-30-35-25 or FASB ASC 715-60-35-18 and FASB ASC 715-60-35-31?	_____	_____	_____
<i>p.</i>	If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation?	_____	_____	_____
<i>q.</i>	If applicable, the cost of providing special or contractual termination benefits recognized during the period and a description of the nature of the event?	_____	_____	_____
<i>r.</i>	An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by FASB ASC 715-20?	_____	_____	_____
<i>s.</i>	The amounts in accumulated OCI expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
<i>t.</i>	The amount and timing of any plan assets expected to be returned to the employer during the 12 month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented? [“Pending Content” in FASB ASC 715-20-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1B. <i>(FSP FAS 132(R)-1) (Issuers Only)</i> If an employer sponsors one or more defined benefit pension plans or one or more defined benefit postretirement plans has the following information been provided, separately for pension plans and other postretirement benefit plans:			
<i>a.</i> A reconciliation of beginning and ending balances of the benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following:			
i. Service cost?	_____	_____	_____
ii. Interest cost?	_____	_____	_____
iii. Contributions by plan participants?	_____	_____	_____
iv. Actuarial gains and losses?	_____	_____	_____
v. Foreign currency rate changes (the effects of foreign currency exchange rate changes that are to be disclosed are those applicable to plans of a foreign operation whose functional currency is not the reporting currency pursuant to FASB ASC 830-10-45)?	_____	_____	_____
vi. Benefits paid?	_____	_____	_____
vii. Plan amendments?	_____	_____	_____
viii. Business combinations?	_____	_____	_____
ix. Divestitures?	_____	_____	_____
x. Curtailments, settlements, and special and contractual termination benefits?	_____	_____	_____
<i>b.</i> A reconciliation of beginning and ending balances of the fair value of plan assets showing separately, if applicable, the effects during the period attributable to each of the following:			
i. Actual return on plan assets?	_____	_____	_____
ii. Foreign currency exchange rate changes (see preceding practice tip)?	_____	_____	_____
iii. Contributions by the employer?	_____	_____	_____
iv. Contributions by plan participants?	_____	_____	_____
v. Benefits paid?	_____	_____	_____
vi. Business combinations?	_____	_____	_____
vii. Divestitures?	_____	_____	_____
viii. Settlements?	_____	_____	_____
<i>c.</i> The funded status of the plans and the amounts recognized in the statement of financial position showing separately the assets and current and noncurrent liabilities recognized?	_____	_____	_____
<i>d.</i> Have disclosures been made to provide users of financial statements with an understanding of the following (see FASB ASC 715-20-50-1 for example disclosures):			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i. For each major category of plan assets (which should include but is not limited to equity securities, debt securities, real estate, and all other assets), the percentage of the fair value of total plan assets held as of the measurement date used for each statement of financial position presented?	_____	_____	_____
ii. The major categories of plan assets?	_____	_____	_____
iii. The inputs and valuation techniques used to measure the fair value of plan assets?	_____	_____	_____
iv. The effect of fair value measurements using significant unobservable inputs (level 3) on changes in plan assets for the period?	_____	_____	_____
v. Significant concentrations of risk within plan assets?	_____	_____	_____
e. For defined benefit pension plans, the accumulated benefit obligation?	_____	_____	_____
f. The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter? The expected benefits should be estimated based on the same assumptions used to measure the entity's benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.	_____	_____	_____
g. The employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented. Estimated contributions may be presented in the aggregate combining all of the following: (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions.	_____	_____	_____
h. The amount of net benefit cost recognized, showing separately all of the following:			
i. The service cost component?	_____	_____	_____
ii. The interest cost component?	_____	_____	_____
iii. The expected return on plan assets for the period?	_____	_____	_____
iv. The gain or loss component?	_____	_____	_____
v. The prior service cost or credit component?	_____	_____	_____
vi. The transition asset or obligation component?	_____	_____	_____
vii. The gain or loss recognized due to settlements or curtailments?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>i.</i>	Separately the net gain or loss and net prior service cost or credit recognized in OCI for the period pursuant to FASB ASC 715-30-35-11, FASB ASC 715-30-35-21, FASB ASC 715-60-35-16, and FASB ASC 715-60-35-25, and reclassification adjustments of OCI for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost?	_____	_____	_____
<i>j.</i>	The amounts in accumulated OCI that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
<i>k.</i>	On a weighted-average basis, all of the following assumptions used in the accounting for the plans, specifying in a tabular format, the assumptions used to determine the benefit obligation and the assumptions used to determine net benefit cost:			
	<i>i.</i> Assumed discount rates?	_____	_____	_____
	<i>ii.</i> Rates of compensation increase (for pay-related plans)?	_____	_____	_____
	<i>iii.</i> Expected long term rates of return on plan assets?	_____	_____	_____
<i>l.</i>	The assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges), and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved?	_____	_____	_____
<i>m.</i>	The effect of a one-percentage-point increase and the effect of a one-percentage-point decrease in the assumed health care cost trend rates on the aggregate of the service and interest cost components of net periodic postretirement health care benefit costs and the APBO for health care benefits? Measuring the sensitivity of the APBO and the combined service and interest cost components to a change in the assumed health care cost trend rates requires remeasuring the APBO as of the beginning and end of the year.	_____	_____	_____
<i>n.</i>	If applicable, the amounts and types of securities of the employer and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts, including annuity contracts issued by the employer or related parties, and any significant transactions between the employer or related parties and the plan during the period?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>o.</i>	If applicable, any alternative method used to amortize prior service amounts or net gains and losses pursuant to FASB ASC 715-30-35-13 and FASB ASC 715-30-35-25 or FASB ASC 715-60-35-18 and FASB ASC 715-60-35-31?	_____	_____	_____
<i>p.</i>	If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation?	_____	_____	_____
<i>q.</i>	If applicable, the cost of providing special or contractual termination benefits recognized during the period and a description of the nature of the event?	_____	_____	_____
<i>r.</i>	An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures required by FASB ASC 715-20?	_____	_____	_____
<i>s.</i>	The amounts in accumulated OCI expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
<i>t.</i>	The amount and timing of any plan assets expected to be returned to the employer during the 12 month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented? [“Pending Content” in FASB ASC 715-20-50-1]	_____	_____	_____

Practice Tips

The disclosures required by FASB ASC 715-20 should be aggregated for all of an employer’s defined benefit pension plans and for all of an employer’s other defined benefit postretirement plans unless disaggregating in groups is considered to provide useful information or is otherwise required by FASB ASC 715-20-50-3 and FASB 715-20-50-4.

[FASB ASC 715-20-50-2]

Disclosures about pension plans with assets in excess of the accumulated benefit obligation generally may be aggregated with disclosures about pension plans with accumulated benefit obligations in excess of assets. The same aggregation is permitted for other postretirement benefit plans. If aggregate disclosures are presented, an employer should disclose both of the following:

- The aggregate benefit obligation and aggregate fair value of plan assets for plans with benefit obligations in excess of plan assets as of the measurement date of each statement of financial position presented
- The aggregate pension accumulated benefit obligation and aggregate fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets

[FASB ASC 715-20-50-3]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2A. <i>(Nonissuers Only)</i> If the entity sponsors one or more defined benefit pension plans or one or more other defined benefit postretirement plans has the following information been disclosed, separately for pension plans and other postretirement benefit plans:			
a. The benefit obligation, fair value of plan assets, and funded status of the plan?	_____	_____	_____
b. Employer contributions, participant contributions, and benefits paid?	_____	_____	_____
c. The following information about plan assets:			
i. For each major category of plan assets (which should include but is not limited to equity securities, debt securities, real estate, and all other assets), the percentage of the fair value of total plan assets held as of the measurement date used for each statement of financial position presented?	_____	_____	_____
ii. A narrative description of investment policies and strategies, including target allocation percentages or range of percentages for each major category of plan assets presented on a weighted-average basis as of the measurement date(s) of the latest statement of financial position presented, if applicable, and other factors that are pertinent to an understanding of the policies or strategies such as investment goals, risk management practices, permitted and prohibited investments including the use of derivatives, diversification, and the relationship between plan assets and benefit obligations?	_____	_____	_____
iii. A narrative description of the basis used to determine the overall expected long term rate-of-return-on-assets assumption, such as the general approach used, the extent to which the overall rate-of-return-on-assets assumption was based on historical returns, the extent to which adjustments were made to those historical returns in order to reflect expectations of future returns and how those adjustments were determined?	_____	_____	_____
iv. Disclosure of additional asset categories and additional information about specific assets within a category is encouraged if that information is expected to be useful in understanding the risks associated with each asset category and the overall expected long term rate of return on assets?	_____	_____	_____
d. For defined benefit pension plans, the accumulated benefit obligation?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
e.	The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter? The expected benefits should be estimated based on the same assumptions used to measure the entity's benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.	_____	_____	_____
f.	The employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented? Estimated contributions may be presented in the aggregate combining any of the following: (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions.	_____	_____	_____
g.	The amounts recognized in the statements of financial position, showing separately the postretirement benefit assets and current and noncurrent postretirement benefit liabilities?	_____	_____	_____
h.	Separately, the net gain or loss and net prior service cost or credit recognized in OCI for the period pursuant to FASB ASC 715-30-35-11, 715-30-35-21, 715-60-35-16, and 715-60-35-25 and reclassification adjustments of OCI for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost?	_____	_____	_____
i.	The amounts in accumulated OCI that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
j.	On a weighted-average basis, all of the following assumptions used in the accounting for the plans, specifying in a tabular format, the assumptions used to determine the benefit obligation and the assumptions used to determine net benefit cost:			
i.	Assumed discount rates (refer to FASB ASC 715-30-35-45 for a discussion of representationally faithful disclosure)?	_____	_____	_____
ii.	Rates of compensation increase (for pay-related plans)?	_____	_____	_____
iii.	Expected long term rates of return on plan assets?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
k.	The assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges), and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved?	_____	_____	_____
l.	If applicable, the amounts and types of securities of the employer and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts, including annuity contracts, issued by the employer or related parties, and any significant transactions between the employer or related parties and the plan during the period?	_____	_____	_____
m.	The nature and effect of significant nonroutine events, such as amendments, combinations, divestitures, curtailments, and settlements?	_____	_____	_____
n.	The amounts in accumulated OCI expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
o.	The amount and timing of any plan assets expected to be returned to the employer during the 12 month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented? [“Pending Content” in FASB ASC 715-20-50-5]	_____	_____	_____
2B.	<i>(FSP FAS 132(R)-1) (Nonissuers Only)</i> If the entity sponsors one or more defined benefit pension plans or one or more other defined benefit postretirement plans, has the following information been disclosed, separately for pension plans and other postretirement benefit plans:			
a.	The benefit obligation, fair value of plan assets, and funded status of the plan?	_____	_____	_____
b.	Employer contributions, participant contributions, and benefits paid?	_____	_____	_____
c.	Have disclosures been made to provide users of financial statements with an understanding of the following (see FASB ASC 715-20-50-5(c) for example disclosures):			
i.	How investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies?	_____	_____	_____
ii.	The major categories of plan assets?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
iii.	The inputs and valuation techniques used to measure the fair value of plan assets?	_____	_____	_____
iv.	The effect of fair value measurements using significant unobservable inputs (level 3) on changes in plan assets for the period?	_____	_____	_____
v.	Significant concentrations of risk within plan assets?	_____	_____	_____
d.	For defined benefit pension plans, the accumulated benefit obligation?	_____	_____	_____
e.	The benefits (as of the date of the latest statement of financial position presented) expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter? The expected benefits should be estimated based on the same assumptions used to measure the entity's benefit obligation at the end of the year and should include benefits attributable to estimated future employee service.	_____	_____	_____
f.	The employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the next fiscal year beginning after the date of the latest statement of financial position presented? Estimated contributions may be presented in the aggregate combining any of the following: (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions.	_____	_____	_____
g.	The amounts recognized in the statements of financial position, showing separately the postretirement benefit assets and current and noncurrent postretirement benefit liabilities?	_____	_____	_____
h.	Separately, the net gain or loss and net prior service cost or credit recognized in OCI for the period pursuant to FASB ASC 715-30-35-11, 715-30-35-21, 715-60-35-16, and 715-60-35-25 and reclassification adjustments of OCI for the period, as those amounts, including amortization of the net transition asset or obligation, are recognized as components of net periodic benefit cost?	_____	_____	_____
i.	The amounts in accumulated OCI that have not yet been recognized as components of net periodic benefit cost, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
j.	On a weighted-average basis, all of the following assumptions used in the accounting for the plans, specifying in a tabular format, the assumptions used to determine the benefit obligation and the assumptions used to determine net benefit cost:	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i. Assumed discount rates (refer to FASB ASC 715-30-35-45 for a discussion of representationally faithful disclosure)?	_____	_____	_____
ii. Rates of compensation increase (for pay-related plans)?	_____	_____	_____
iii. Expected long term rates of return on plan assets?	_____	_____	_____
k. The assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges), and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved?	_____	_____	_____
l. If applicable, the amounts and types of securities of the employer and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts, including annuity contracts, issued by the employer or related parties, and any significant transactions between the employer or related parties and the plan during the period?	_____	_____	_____
m. The nature and effect of significant nonroutine events, such as amendments, combinations, divestitures, curtailments, and settlements?	_____	_____	_____
n. The amounts in accumulated OCI expected to be recognized as components of net periodic benefit cost over the fiscal year that follows the most recent annual statement of financial position presented, showing separately the net gain or loss, net prior service cost or credit, and net transition asset or obligation?	_____	_____	_____
o. The amount and timing of any plan assets expected to be returned to the employer during the 12 month period, or operating cycle if longer, that follows the most recent annual statement of financial position presented?	_____	_____	_____
p. The amount of net periodic benefit cost recognized? ["Pending Content" in FASB ASC 715-20-50-5]	_____	_____	_____
3. (Issuers Only) Has the following been disclosed in the entities interim financial statements that include a statement of income:			
a. The amount of net benefit cost recognized, for each period for which a statement of income is presented, showing separately each of the following:			
i. The service cost component?	_____	_____	_____
ii. The interest cost component?	_____	_____	_____
iii. The expected return on plan assets for the period?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iv. The gain or loss component?	_____	_____	_____
v. The prior service cost or credit component?	_____	_____	_____
vi. The transition asset or obligation component?	_____	_____	_____
vii. The gain or loss recognized due to a settlement or curtailment?	_____	_____	_____
b. The total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to FASB ASC 715-20-50-1(g)? Estimated contributions may be presented in the aggregate combining all of the following: (1) contributions required by funding regulations or laws, (2) discretionary contributions, and (3) noncash contributions. [FASB ASC 715-20-50-6]	_____	_____	_____

Practice Tip

With respect to question 4, estimated contributions may be presented in the aggregate combining all of the following:

- Contributions required by funding regulations or laws
- Discretionary contributions
- Noncash contributions

[FASB ASC 715-20-50-7]

4. <i>(Nonissuers Only)</i> Has the entity disclosed, in interim periods for which a complete set of financial statements is presented, the total amount of the employer's contributions paid, and expected to be paid, during the current fiscal year, if significantly different from amounts previously disclosed pursuant to FASB ASC 715-20-50-5(f) (question 2A)? [FASB ASC 715-70-50-1]	_____	_____	_____
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Defined Contribution Plans

5. Does the entity disclose the amount of cost recognized for defined contribution pension plans and for other defined contribution postretirement benefit plans for all periods presented separately from the amount of cost recognized for defined benefit plans? [FASB ASC 715-70-50-1]	_____	_____	_____
6. Do the disclosures include a description of the nature and effect of any significant changes during the period affecting comparability, such as a change in the rate of employer contributions, a business combination, or a divestiture? [FASB ASC 715-70-50-1]	_____	_____	_____

Multiemployer Plans

7. Has the entity disclosed the amount of contributions to multiemployer plans for each annual period for which a statement of income is presented? [FASB ASC 715-80-50-1]	_____	_____	_____
---	-------	-------	-------

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8. If the entity chooses to disclose total contributions to multiemployer plans without disaggregating the amounts attributable to pension plans and other postretirement benefit plans, do the disclosures include a description of the nature and effect of any changes affecting comparability, such as a change in the rate of employer contributions, a business combination, or a divestiture? [FASB ASC 715-80-50-1]	_____	_____	_____
9. If it is either probable or reasonably possible that (a) an entity would withdraw from the plan under circumstances that would give rise to an obligation or (b) an entity's contribution to the fund would be increased during the remainder of the contract period to make up a shortfall in the funds necessary to maintain the negotiated level of benefit coverage (a "maintenance of benefits" clause), has the entity applied the provisions of FASB ASC 450? [FASB ASC 715-80-50-2]	_____	_____	_____
<i>Other Matters</i>			
10. If the matters addressed in paragraphs 69–79 of FASB ASC 715-30-55 (Japanese governmental settlement transactions) apply, are the disclosure requirements of FASB ASC 715-20-50-10 complied with? [FASB ASC 715-20-50 par. 9–10]	_____	_____	_____
<i>Medicare Prescription Drug, Improvement, and Modernization Act</i>			
11. Until the entity is able to determine whether benefits provided by its plan are actuarially equivalent, does it disclose the following in financial statements for interim or annual periods:			
a. The existence of the act?	_____	_____	_____
b. That measures of the APBO or net periodic postretirement benefit cost do not reflect any amount associated with the subsidy because the employer is unable to conclude whether the benefits provided by the plan are actuarially equivalent to Medicare Part D under the act? [FASB ASC 715-60-50-6]	_____	_____	_____
12. In interim and annual financial statements for the first period in which the entity includes the effects of the subsidy in measuring the APBO and the first period in which the entity includes the effects of the subsidy in measuring net periodic postretirement benefit cost, has it disclosed the following:			
a. The reduction in the APBO for the subsidy related to benefits attributed to past service?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The effect of the subsidy on the measurement of net periodic postretirement benefit cost for the current period? That effect includes (1) any amortization of the actuarial experience gain in a as a component of the net amortization called for by paragraphs 29–30 of FASB ASC 715-60-35, (2) the reduction in current period service cost due to the subsidy, and (3) the resulting reduction in interest cost on the APBO as a result of the subsidy.	_____	_____	_____
c. Any other disclosures required by FASB ASC 715-20-50-1(r)? [FASB ASC 715-60-50-3]	_____	_____	_____
13. For purposes of the disclosures required by paragraphs 1(a) and (f) of FASB ASC 715-20-50, does the entity disclose gross benefit payments (paid and expected, respectively), including prescription drug benefits, and separately the gross amount of the subsidy receipts (received and expected, respectively)? [FASB ASC 715-60-50-4]	_____	_____	_____

G. Environmental Remediation Liabilities

Practice Tip

FASB ASC 450-20 provides the primary guidance applicable to disclosures of environmental remediation loss contingencies. The disclosure requirements of FASB ASC 275-10 also apply to environmental remediation liabilities. Example 1 (FASB ASC 410-30-55-7) illustrates the application of those disclosure requirements.

[FASB ASC 410-30-50 par. 5–6]

1. Has the entity made the following disclosures:			
a. Whether accruals for environmental remediation liabilities are measured on a discounted basis? [FASB ASC 410-30-50-4]	_____	_____	_____
b. With respect to recorded accruals for environmental remediation loss contingencies and assets for third-party recoveries related to environmental remediation obligations: if any portion of the accrued obligation is discounted, the undiscounted amount of the obligation, and the discount rate used in the present-value determinations? [FASB ASC 410-30-50-7]	_____	_____	_____
c. The policy concerning the timing of recognition of recoveries? (<i>Encouraged, but not required.</i>) [FASB ASC 410-30-50-8]	_____	_____	_____
d. Any other additional specific disclosures with respect to environmental remediation loss contingencies that would be useful to further users' understanding of the entity's financial statements. (<i>Encouraged, but not required.</i>) [FASB ASC 410-30-50-9]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Do the financial statements disclose the event, situation, or set of circumstances that triggered recognition of loss contingencies that arose out of the reporting entity's environmental remediation-related obligations? (<i>Encouraged, but not required.</i>) [FASB ASC 410-30-50-8]	_____	_____	_____

Reasonably Possible Loss Exposures

3. With respect to reasonably possible loss contingencies, including reasonably possible loss exposures in excess of the amount accrued, are the following disclosed (<i>Encouraged, but not required.</i>):			
a. The estimated time frame of disbursements for recorded amounts if expenditures are expected to continue over the long term?	_____	_____	_____
b. The estimated time frame for realization of recognized probable recoveries, if realization is not expected in the near term?	_____	_____	_____
c. If an estimate of the probable or reasonably possible loss or range of loss cannot be made, the reasons why it cannot be made?	_____	_____	_____
d. If information about the reasonably possible loss or the recognized and additional reasonably possible loss for an environmental remediation obligation related to an individual site is relevant to an understanding of the financial position, cash flows, or results of operations of the entity, the following with respect to the site:			
i. The total amount accrued for the site?	_____	_____	_____
ii. The nature of any reasonably possible loss contingency or additional loss, and an estimate of the possible loss or the fact that an estimate cannot be made and the reasons why it cannot be made?	_____	_____	_____
iii. Whether other potentially responsible parties are involved and the entity's estimated share of the obligation?	_____	_____	_____
iv. The status of regulatory proceedings?	_____	_____	_____
v. The estimated time frame for resolution of the contingency?	_____	_____	_____
[FASB ASC 410-30-50-10]			

Probable But Not Reasonably Estimable Losses

4. If the reporting entity's probable but not reasonably estimable environmental remediation obligations may be material, are the nature of the probable contingency (that is, a description of the remediation obligation) and the fact that a reasonable estimate cannot currently be made disclosed?	_____	_____	_____
[FASB ASC 450-20-5-5]			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. Is the estimated time frame for resolution of the uncertainty as to the amount of the loss disclosed? (<i>Encouraged, but not required.</i>) [FASB ASC 410-30-50-11]	_____	_____	_____
<i>Environmental Remediation Costs Recognized Currently</i>			
6. Is the amount of environmental remediation costs recognized in the income statement disclosed in the following detail: (<i>Encouraged, but not required.</i>)			
a. The amount recognized for environmental remediation loss contingencies in each period?	_____	_____	_____
b. The amount of any recovery from third parties that is credited to environmental remediation costs in each period?	_____	_____	_____
c. The income statement caption in which environmental remediation costs and credits are included? [FASB ASC 410-30-50-12]	_____	_____	_____
<i>Other Matters</i>			
7. Do the financial statements include a <i>contingency conclusion</i> that addresses the estimated total unrecognized exposure to environmental remediation and other loss contingencies? (<i>Encouraged, but not required.</i>) [FASB ASC 410-30-50-14]	_____	_____	_____
8. Is there a description of the general applicability and impact of environmental laws and regulations upon their business and how the existence of such laws and regulations may give rise to loss contingencies for future environmental remediation? (<i>Encouraged, but not required.</i>) [FASB ASC 410-30-50-17]	_____	_____	_____

H. Financial Instruments***Derivative Instruments and Hedging Activities (Including Hybrid Financial Instruments)***

Notes: In March 2008, FASB issued Statement No. 161 to enhance the current disclosure framework in FASB Statement No. 133. This statement has the same scope as FASB Statement No. 133 and, accordingly, applies to all entities.

This statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FASB Statement No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows.

FASB Statement No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Early

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>application is encouraged. This statement encourages but does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In years after initial adoption, it requires comparative disclosures only for periods subsequent to initial adoption.</p> <p>This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 161.</p> <p>As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):</p> <p><u> </u>A <u> </u>B</p> <p>Readers can refer to the full text of FASB Statement No. 161 on the FASB Web site at www.fasb.org.</p> <p>This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 815-10-65-1.</p>			
<p>1B. (FASB Statement No. 161) Have the following disclosures been made by the entity with derivative instruments (or non-derivative instruments that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25-58 and FASB ASC 815-20-25-66), which enable the users of the financial statements to understand the following:</p> <p>a. How and why an entity uses derivative instruments (or such nonderivative instruments)?</p> <p>b. How derivative instruments (or such nonderivative instruments) and related hedged items are accounted for under FASB ASC 815?</p> <p>c. How derivative instruments (or such nonderivative instruments) and related hedged items affect the entity's financial position, performance and cash flows? ["Pending Content" in FASB ASC 815-10-50-1]</p>	<p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p>
<p>2A. If an entity holds or issues derivative instruments (or nonderivative instruments that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25-58 and FASB ASC 815-20-25-66) have the following disclosures been made for every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented:</p> <p>a. Its objectives for holding or issuing those instruments?</p>	<p>_____</p>	<p>_____</p>	<p>_____</p>

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The context needed to understand those objectives?	_____	_____	_____
c. Its strategies for achieving those objectives? [“Pending Content” in FASB ASC 815-10-50-1A]	_____	_____	_____
2B. (FASB Statement No. 161) If an entity holds or issues derivative instruments (or nonderivative instruments that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25-58 and FASB ASC 815-20-25-66) have the following disclosures been made for every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented:			
a. Its objectives for holding or issuing those instruments?	_____	_____	_____
b. The context needed to understand those objectives?	_____	_____	_____
c. Its strategies for achieving those objectives?	_____	_____	_____
d. Information that would enable users of its financial statements to understand the volume of its activity in those instruments? (An entity should select the format and the specifics of disclosures relating to its volume of such activity that are most relevant and practicable for its individual facts and circumstances.) [“Pending Content” in FASB ASC 815-10-50-1]	_____	_____	_____
3B. (FASB Statement No. 161) Are the disclosures described in question 2B in the context of each instrument’s primary underlying risk exposure (for example, interest rate, credit, foreign exchange rate, interest rate and foreign exchange rate, or overall price)? [“Pending Content” in FASB ASC 815-10-50-1B]	_____	_____	_____
4B. (FASB Statement No. 161) Are the financial instruments described in question 2B distinguished between those used or risk management purposes and those used for other purposes and is such information disclosed? Derivative instruments (and nonderivative instruments that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25-58 and FASB ASC 815-20-25-66) used for risk management purposes include those designated as hedging instruments under FASB ASC 815-20 as well as those used as economic hedges and for other purposes related to the entity’s risk exposures. [“Pending Content” in FASB ASC 815-10-50-1B]	_____	_____	_____
5A. Do the disclosures required by FASB ASC 815-10-50-1A (question 2A) distinguish between each of the following (including the entity’s risk management policy for each):			
a. Fair value hedging instruments?	_____	_____	_____
b. Cash flow hedging instruments?	_____	_____	_____
c. Hedges of foreign currency exposure of net investments in foreign operations?	_____	_____	_____
d. All other instruments? [FASB ASC 815-10-50 par. 2–3]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5B. (FASB Statement No. 161) Do the disclosures required by question 2B distinguish between each of the following:			
a. Instruments used for risk management purposes, distinguished between each of the following:			
i. Derivative instruments designated as hedging instruments, distinguished between each of the following: (1) fair value hedging instruments, (2) cash flow hedging instruments, and (3) hedges of foreign currency exposure of net investments in foreign operations?	_____	_____	_____
ii. Instruments used as economic hedges and for other purposes related to the entity's risk exposure?	_____	_____	_____
b. Instruments used for other purposes? ["Pending Content" in FASB ASC 815-10-50-2]	_____	_____	_____
6. Do the entities disclosures describe the purpose of holding or issuing derivatives which are not designated as hedging instruments? ["Pending Content" in FASB ASC 815-10-50-4]	_____	_____	_____

Practice Tip

(FASB Statement No. 161) The qualitative disclosures required by FASB ASC 815-10-50-4A(a)–(b), question 7B, should be presented in tabular format except for the information required for hedged items by FASB ASC 815-10-50-4C(a). Information about hedged items can be presented in a tabular or nontabular format.
 ["Pending Content" in FASB ASC 815-10-50-4E]

7B. (FASB Statement No. 161) For every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, has the entity disclosed the location and amounts of the gains and losses for derivative instruments (or nonderivative instruments it holds or issues that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25-58 and FASB ASC 815-20-25-66) reported in the statement of financial performance (or when applicable, the statement of financial position) (for example, gains and losses initially recognized in OCI)? ["Pending Content" in FASB ASC 815-10-50-4A]	_____	_____	_____
8B. (FASB Statement No. 161) Do the disclosures required by FASB ASC 815-10-50-A(a), as discussed in question 7B, provide the following:			
a. The fair value of derivative instruments on a gross basis (even if the derivative instruments qualify for net presentation in the statement of financial position in accordance with FASB ASC 210-20 [general hedging activities])?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
	b. Separate asset and liability values segregated between derivatives that are designated and qualifying as hedging instruments under FASB ASC 815-20 and those that are not, and within those two broad categories, by type of derivative contract (for example, interest rate contracts, foreign exchange contracts, equity contracts, commodity contracts, credit contracts, and so forth)?	_____	_____	_____
	c. The line item(s) in the statement of financial position in which the fair value amounts for the above categories of derivative instruments are included? [“Pending Content” in FASB ASC 815-10-50-4B]	_____	_____	_____
9B.	(FASB Statement No. 161) Are the following gains and losses disclosed pursuant to FASB ASC 815-10-50-4A(b) presented separately for all of the following by type of contracts:			
	a. Derivative instruments designated and qualifying as hedging instruments in fair value hedges and related hedged items designated and qualifying in fair value hedges?	_____	_____	_____
	b. The effective portion of gains and losses on derivative instruments designated and qualifying in cash flow hedges and net investment hedges that was recognized in OCI during the current period?	_____	_____	_____
	c. The effective portion of gains and losses on derivative instruments designated and qualifying in cash flow hedges and net investment hedges recorded in accumulated OCI during the term of the hedging relationship and reclassified into earnings during the current period?	_____	_____	_____
	d. The portion of gains and losses on derivative instruments designated and qualifying in cash flow hedges and net investment hedges representing (i) the amount of the hedges’ ineffectiveness and (ii) the amount, if any, excluded from the assessment of hedge effectiveness?	_____	_____	_____
	e. Derivative instruments not designated or qualifying as hedging instruments under FASB ASC 815-20? [“Pending Content” in FASB ASC 815-10-50-4C]	_____	_____	_____
10B.	(FASB Statement No. 161) Do the disclosures pursuant to question 9B, present information separately by type of derivative contract (for example, interest rate contracts, foreign exchange contracts, equity contracts, commodity contracts, credit contracts, and so forth)? [“Pending Content” in FASB ASC 815-10-50-4D]	_____	_____	_____
11B.	(FASB Statement No. 161) Do the disclosures pursuant to question 9B, identify the line item(s) in the statement of financial performance in which the gains and losses for the categories of derivative instruments are included? [“Pending Content” in FASB ASC 815-10-50-4D]	_____	_____	_____

Yes No N/A

Practice Tip

(FASB Statement No. 161) If the disclosure option in question 12B is elected, the entity should include a footnote in the required tables referencing the use of alternative disclosures for trading activities. ["Pending Content" in FASB ASC 815-10-50-4F]

12B. **(FASB Statement No. 161)** If an entity's policy is to include derivative instruments that are not designated or qualifying as hedging instruments under FASB ASC 815-20 in its trading activities, and the entity elects to exclude those derivative instruments from the disclosures pursuant to question 9B, has the entity disclosed the following information:

- a. The gains and losses on its trading activities (including both derivative and nonderivative instruments) recognized in the statement of financial performance, separately by major types of items (such as fixed income/interest rates, foreign exchange, equity, commodity, and credit)?
- b. The line items in the statement of financial performance in which trading activities gains and losses are included?
- c. A description of the nature of its trading activities and related risks, and how the entity manages those risks? ["Pending Content" in FASB ASC 815-10-50-4F]

_____	_____	_____
_____	_____	_____
_____	_____	_____

13B. **(FASB Statement No. 161)** For every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, does the entity disclose the following information about derivative instruments it holds or issues (or nonderivative instruments it holds or issues that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25-58 and FASB ASC 815-20-25-66) that have credit-risk-related contingent features and that are in a net liability position at the end of the reporting period:

- a. The existence and nature of credit-risk-related contingent features and the circumstances in which the features could be triggered in derivative instruments that are in a net liability position at the end of the reporting period?
- b. The aggregate fair value amounts of derivative instruments that contain credit-risk-related contingent features that are in a net liability position at the end of the reporting period?

_____	_____	_____
_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. The aggregate fair value of assets that are already posted as collateral at the end of the reporting period and (1) the aggregate fair value of additional assets that would be required to be posted as collateral or (2) the aggregate fair value of assets needed to settle the instrument immediately, if the credit-risk-related contingent features were triggered at the end of the reporting period? [“Pending Content” in FASB ASC 815-10-50-4H]	_____	_____	_____
14B. (FASB Statement No. 161) If the disclosures related to derivative instruments (or nonderivative instruments that are designated and qualify as hedging instruments pursuant to FASB ASC 815-20-25-58 and FASB ASC 815-20-25-66) are presented in more than a single footnote, does each derivative note cross-reference the other notes in which derivative-related information is disclosed? [“Pending Content” in FASB ASC 815-10-50-4I]	_____	_____	_____
<i>Fair Value Hedges</i>			
15A. For each reporting period for which a complete set of financial statements is presented, does the entity disclose the following for derivative instruments, as well as nonderivative instruments that may give rise to foreign currency transaction gains or losses under FASB ASC 830-20, that have been designated and have qualified as fair value hedging instruments and for the related hedged items:			
a. The net gain or loss recognized in earnings during the reporting period representing (i) the amount of the hedges’ ineffectiveness, (ii) the component of the derivative instruments’ gain or loss, if any, excluded from the assessment of hedge effectiveness, and (iii) a description of where the net gain or loss is reported in the statement of income or other statement of financial performance?	_____	_____	_____
b. The amount of net gain or loss recognized in earnings when a hedged firm commitment no longer qualifies as a fair value hedge? [FASB ASC 815-25-50-1]	_____	_____	_____
16B. (FASB Statement No. 161) For every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, does the entity disclose the following for derivative instruments, as well as nonderivative instruments that may give rise to foreign currency transaction gains or losses under FASB ASC 830-20, that have been designated and have qualified as fair value hedging instruments and for the related hedged items:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The net gain or loss recognized in earnings during the reporting period representing (i) the amount of the hedges' ineffectiveness, (ii) the component of the derivative instruments' gain or loss, if any, excluded from the assessment of hedge effectiveness, and (iii) a description of where the net gain or loss is reported in the statement of income or other statement of financial performance?	_____	_____	_____
b. The amount of net gain or loss recognized in earnings when a hedged firm commitment no longer qualifies as a fair value hedge? ["Pending Content" in FASB ASC 815-25-50-1]	_____	_____	_____
<i>Cash Flow Hedges</i>			
17A. For every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, does the entity disclose the following for derivative instruments that have been designated and have qualified as cash flow hedging instruments and for the related hedged transactions:			
a. The net gain or loss recognized in earnings during the reporting period representing each of the following:			
i. The amount of the hedges' ineffectiveness?	_____	_____	_____
ii. The component of the derivative instruments' gain or loss, if any, excluded from the assessment of hedge effectiveness?	_____	_____	_____
iii. A description of where the net gain or loss is reported in the statement of income or other statement of financial performance?	_____	_____	_____
b. A description of the transactions or other events that will result in the reclassification into earnings of gains and losses that are reported in accumulated OCI, and the estimated net amount of the existing gains or losses at the reporting date that is expected to be reclassified into earnings within the next 12 months?	_____	_____	_____
c. The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments?	_____	_____	_____
d. The amount of gains and losses reclassified into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period or within the additional period of time discussed in paragraphs 4-5 of FASB ASC 815-30-40-4? [FASB ASC 815-30-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
17B. (<i>FASB Statement No. 161</i>) For every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, does the entity disclose the following for derivative instruments that have been designated and have qualified as cash flow hedging instruments and for the related hedged transactions:			
a. A description of the transactions or other events that will result in the reclassification into earnings of gains and losses that are reported in accumulated OCI, and the estimated net amount of the existing gains or losses at the reporting date that is expected to be reclassified into earnings within the next 12 months?	_____	_____	_____
b. The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments?	_____	_____	_____
c. The amount of gains and losses reclassified into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period or within the additional period of time discussed in paragraphs 4–5 of FASB ASC 815-30-40? [“Pending Content” in FASB ASC 815-30-50-1]	_____	_____	_____
18. The quantitative disclosures about derivative instruments may be more useful, and less likely to be perceived to be out of context or otherwise misunderstood, if similar information is disclosed about other financial instruments or nonfinancial assets and liabilities to which the derivative instruments are related by activity. Accordingly, in such situations, an entity is encouraged, but not required, to present a more complete picture of its activities by disclosing that information. Have such disclosures been made (for every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented)? [FASB ASC 815-35-50-2]	_____	_____	_____
19A. Qualitative disclosures about an entity’s objectives and strategies for using derivative instruments may be more meaningful if such objectives and strategies are described in the context of an entity’s overall risk management profile. If appropriate, an entity is encouraged, but not required, to provide such additional qualitative disclosures. Have such disclosures been made (for every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented)? [FASB ASC 815-10-50-5]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
19B. (FASB Statement No. 161) Qualitative disclosures about an entity's objectives and strategies for using derivative instruments may be more meaningful if such objectives and strategies are described in the context of an entity's overall risk exposures relating to interest rate risk, foreign currency exchange rate risk, commodity price risk, credit risk, and equity price risk. If appropriate, an entity is encouraged, but not required, to provide such additional qualitative disclosures. Have such disclosures been made (for every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented)? ["Pending Content" in FASB ASC 815-10-50-5]	_____	_____	_____
Disclosure About Concentrations of Credit Risk of All Financial Instruments (including Reinsurance Receivables and Prepaid Reinsurance Premiums)			
20. Except as indicated in FASB ASC 825-10-50-22, has the entity disclosed all significant concentrations of credit risk arising from all financial instruments, whether from an individual counterparty or groups of counterparties? (Group concentrations of credit risk exist if a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.) ["Pending Content" in FASB ASC 825-10-50-20]	_____	_____	_____

Notes: In September 2008, FASB issued FSP FAS 133-1 and FIN 45-5, *Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45*; and *Clarification of the Effective Date of FASB Statement No. 161*, to amend current disclosures by sellers of credit derivatives under FASB Statement No. 161. This FSP applies to credit derivatives within the scope of FASB Statement No. 133, hybrid instruments that have embedded credit derivatives.

This FSP changes the disclosure requirements related to credit derivatives in that a seller of credit derivatives should disclose information about its credit derivatives and hybrid instruments that have embedded credit derivatives to enable users of financial statements to assess their potential effect on on its financial position, financial performance, and cash flows.

This FSP clarifies FASB's intent that the disclosures required by FASB Statement No. 161 should be provided for any reporting period (annual or quarterly interim) beginning after November 15, 2008.

The FSP is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Early application is encouraged. This statement encourages but does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In years after initial adoption, it requires comparative disclosures only for periods subsequent to initial adoption.

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<hr/>			
This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 133-1 and FIN 45-5.			
As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity): <u> </u> A <u> </u> B			
Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org .			
This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 815-10-65-2.			
<hr/>			

Credit Derivatives

20B. (FSP FAS 133-1 and FIN 45-5) Is the following information disclosed by a seller of credit derivative, (as defined in FASB ASC 815-10-50-4J as a guarantor in a guarantee type contract or any party that provides the credit protection in an option type contract, a credit default swap, or any other credit derivative), even if the likelihood of the seller's having to make any payments under the credit derivative is remote:

- | | | | | |
|------|--|-------|-------|-------|
| a. | The nature of the credit derivative, including all of the following: | | | |
| i. | The approximate term of the credit derivative? | _____ | _____ | _____ |
| ii. | The reasons for entering into the credit derivative? | _____ | _____ | _____ |
| iii. | The events or circumstances that would require the seller to perform under the credit derivative? | _____ | _____ | _____ |
| iv. | The current status (that is, as of the date of the statement of financial position) of the payment/performance risk of the credit derivative? | _____ | _____ | _____ |
| v. | If the entity uses internal groupings for the purposes of item (iv), how those groupings are determined and used for managing risk? | _____ | _____ | _____ |
| b. | The maximum potential amount of future payments (undiscounted) that the seller could be required to make under the credit derivative, which should not be reduced by the effect of any amounts that may possibly be recovered under recourse or collateralization provisions in the credit derivative? | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. If the terms of the credit derivative provide for no limitation to the maximum potential future payments under the credit derivative, is that fact disclosed?	_____	_____	_____
d. If the seller is unable to develop an estimate of the maximum potential amount of future payments under the credit derivative, are the reasons why the maximum potential amount cannot be estimated disclosed?	_____	_____	_____
e. Is the fair value of the credit derivative as of the date of the statement of financial position disclosed?	_____	_____	_____
f. The nature of			
i. any recourse provisions that would enable the guarantor to recover from third parties any of the amounts paid under the guarantee?	_____	_____	_____
ii. any assets held either as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee?	_____	_____	_____
g. If estimable, the approximate extent to which the proceeds from liquidation of those assets would be expected to cover the maximum potential amount of future payments under the guarantee? [“Pending Content” in FASB ASC 815-10-50-4J; “Pending Content” in FASB ASC 815-10-50-4K]	_____	_____	_____
21B. (<i>FSP FAS 133-1 and FIN 45-5</i>) With respect to hybrid instruments that have embedded credit derivatives, has the seller of the embedded credit derivative disclosed the information required by FASB ASC 815-10-50-4K, question 20, for the entire hybrid instrument, not just the embedded credit derivatives? [“Pending Content” in FASB ASC 850-10-50-4L]	_____	_____	_____
22. Has the entity disclosed its accounting policy for the premium paid (time value) to acquire an option that is classified as held to maturity or available for sale, if applicable? [FASB ASC 815-10-50-9]	_____	_____	_____
<i>Unconditional Purchase Obligations</i>			
23. If the entity has unconditional purchase obligations which are subject to the requirements of FASB ASC 440 and FASB ASC 815, are the disclosures required by both topics complied with, including FASB ASC 440-10-50-4? [FASB ASC 815-10-50-6]	_____	_____	_____
<i>Balance Sheet Offsetting</i>			
24. Is the entity’s policy for offsetting or not offsetting in accordance with FASB ASC 815-10-45-6 disclosed? [FASB ASC 815-10-50-7]	_____	_____	_____

Yes No N/A

Practice Tip

A reporting entity should make an accounting policy decision to offset fair value amounts pursuant to FASB ASC 815-10-45-5. The reporting entity's choice to offset or not must be applied consistently. A reporting entity should not offset fair value amounts recognized for derivative instruments without offsetting fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral. A reporting entity that makes an accounting policy decision to offset fair value amounts recognized for derivative instruments pursuant to FASB ASC 815-10-45-5 but determines that the amount recognized for the right to reclaim cash collateral or the obligation to return cash collateral is not a fair value amount should continue to offset the derivative instruments.

[FASB ASC 815-10-45-6]

25. Has the entity disclosed the amounts recognized at the end of each reporting period for the right to reclaim cash collateral or the obligation to return cash collateral as follows:

- a. If the entity has made an accounting policy decision to offset fair value amounts it should separately disclose amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral that have been offset against net derivative positions in accordance with FASB ASC 815-10-45-5?

Practice Tip

A reporting entity may offset fair value amounts recognized for derivative instruments and fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) arising from derivative instrument(s) recognized at fair value executed with the same counterparty under a master netting arrangement. Solely as it relates to the right to reclaim cash collateral or the obligation to return cash collateral, fair value amounts include amounts that approximate fair value.

[FASB ASC 815-10-45-5]

- b. Has the entity separately disclosed amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under master netting arrangements that have not been offset against net derivative instrument positions?
- c. If the entity has made an accounting policy decision to not offset fair value amounts, have they separately disclosed the amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under master netting arrangements?

[FASB ASC 815-10-50-8]

Yes No N/A

Certain Hybrid Financial Instruments

Note: In February 2007, FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115*, which is effective for financial statements issued for fiscal years beginning after November 15, 2007 (that is, January 1, 2008, for entities with calendar year-ends). Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FASB Statement No. 157. The choice to adopt early should be made after issuance of this statement but within 120 days of the beginning of the fiscal year of adoption, provided the entity has not yet issued financial statements, including required notes to those financial statements, for any interim period of the fiscal year of adoption.

This statement applies to all entities, including not-for-profit entities. Most of the provisions of this guidance apply only to entities that elect the fair value option. However, the amendment to FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income.

This statement is primarily codified in FASB ASC 825, *Financial Instruments*.

See part BB, "Fair Value Measurements," in the "Other Financial Statement Disclosures" section of this checklist for more information.

26. If the entity measures hybrid instruments (financial instruments containing embedded derivatives) at fair value in accordance with the election and under the practicability exception in FASB ASC 815-15-30-1 on earnings (or other performance indicators for entities that do not report earnings), is the aggregate fair value of those instruments reported separately on the face of the statement of financial position from the aggregate carrying amounts of assets and liabilities measured using another measurement attribute? [FASB ASC 815-15-45-1]
27. For those hybrid financial instruments measured at fair value under the election and under the practicability exception in FASB ASC 815-15-30-1 on earnings (or other performance indicators for entities that do not report earnings), has the entity disclosed the information in paragraphs 28–32 of FASB ASC 825-10-50? [FASB ASC 815-15-50-1]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
28. Has the entity provided information that will allow users to understand the effect of changes in the fair value of hybrid financial instruments measured at fair value under the election and under the practicability exception in FASB ASC 815-15-30-1 on earnings (or other performance indicators for entities that do not report earnings)? [FASB ASC 815-15-50-2]	_____	_____	_____
29. For those embedded conversion options previously accounted for as a derivative instrument under FASB ASC 815-15 (embedded derivatives) which no longer meet the separation criteria has a description of the principal changes causing the embedded conversion option to not longer require bifurcation and the amount of the liability for the conversion option which has been reclassified to stockholders' equity been disclosed? [FASB ASC 815-15-50-3]	_____	_____	_____
<i>Fair Value Hedges</i>			
30A. For every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, does the entity disclose the following for derivative instruments, as well as nonderivative instruments that may give rise to foreign currency transaction gains or losses under FASB ASC 830-20, that have been designated and have qualified as fair value hedging instruments and for the related hedged items:			
a. The net gain or loss recognized in earnings during the reporting period representing (a) the amount of the hedges' ineffectiveness, (b) the component of the derivative instruments' gain or loss, if any, excluded from the assessment of hedge effectiveness, and (c) a description of where the net gain or loss is reported in the statement of income or other statement of financial performance?	_____	_____	_____
b. The amount of net gain or loss recognized in earnings when a hedged firm commitment no longer qualifies as a fair value hedge? [FASB ASC 815-25-50-1]	_____	_____	_____
30B. (FASB Statement No. 161) For every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, does the entity disclose the following for derivative instruments, as well as nonderivative instruments that may give rise to foreign currency transaction gains or losses under FASB ASC 830-20, that have been designated and have qualified as fair value hedging instruments and for the related hedged items:			
a. The net gain or loss recognized in earnings during the reporting period representing (a) the amount of the hedges' ineffectiveness and (b) the component of the derivative instruments' gain or loss, if any, excluded from the assessment of hedge effectiveness?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>b. The amount of net gain or loss recognized in earnings when a hedged firm commitment no longer qualifies as a fair value hedge? [“Pending Content” in FASB ASC 815-25-50-1]</p>	_____	_____	_____
<i>Cash Flow Hedges</i>			
<p>31. Has the entity displayed, as a separate classification within OCI, the net gain or loss on any derivative instruments designated and qualifying as cash flow hedging instruments that are reported in comprehensive income pursuant to FASB ASC 815-20-25-65 and FASB ASC 815-30-35-3? [FASB ASC 815-30-45-1]</p>	_____	_____	_____
<p>32A. For every reporting period for which a statement of financial position and statement of financial performance are presented, does the entity disclose the following for derivative instruments that have been designated and have qualified as cash flow hedging instruments and for the related hedged transactions:</p>			
<p>a. The net gain or loss recognized in earnings during the reporting period representing (i) the amount of the hedges’ ineffectiveness, (ii) the component of the derivative instruments’ gain or loss, if any, excluded from the assessment of hedge effectiveness, and (iii) a description of where the net gain or loss is reported in the statement of income or other statement of financial performance?</p>	_____	_____	_____
<p>b. A description of the transactions or other events that will result in the reclassification into earnings of gains and losses that are reported in accumulated OCI, and the estimated net amount of the existing gains or losses at the reporting date that is expected to be reclassified into earnings within the next 12 months?</p>	_____	_____	_____
<p>c. The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments?</p>	_____	_____	_____
<p>d. The amount of gains and losses reclassified into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period or within the additional period of time discussed in paragraphs 4–5 of FASB ASC 815-30-40? [FASB ASC 815-30-50-1]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
32B. (<i>FASB Statement No. 161</i>) For every annual and interim reporting period for which a statement of financial position and statement of financial performance are presented, does the entity disclose the following for derivative instruments that have been designated and have qualified as cash flow hedging instruments and for the related hedged transactions:			
a. A description of the transactions or other events that will result in the reclassification into earnings of gains and losses that are reported in accumulated OCI, and the estimated net amount of the existing gains or losses at the reporting date that is expected to be reclassified into earnings within the next 12 months?	_____	_____	_____
b. The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments?	_____	_____	_____
c. The amount of gains and losses reclassified into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period or within the additional period of time discussed in paragraphs 4–5 of FASB ASC 815-30-40? [“Pending Content” in FASB ASC 815-30-50-1]	_____	_____	_____
33. Has the entity disclosed, as a separate component of OCI, the beginning and ending accumulated derivative instrument gain or loss, the related net change associated with current period hedging transactions, and the net amount of any reclassification into earnings? [FASB ASC 815-30-50-2]	_____	_____	_____

Practice Tips

The entity should display as a separate classification within OCI the net gain or loss on derivative instruments designated and qualifying as cash flow hedging instruments that are reported in comprehensive income pursuant to FASB ASC 815-20-25-65 and FASB ASC 815-30-35-3.
[FASB ASC 815-30-45-1]

The quantitative disclosures about derivative instruments may be more useful, and less likely to be perceived to be out of context or otherwise misunderstood, if similar information is disclosed about other financial instruments or nonfinancial assets and liabilities to which the derivative instruments are related by activity. Accordingly, in such situations, an entity is encouraged, but not required, to present a more complete picture of its activities by disclosing that information.
[FASB ASC 815-35-50-2]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Contracts in Entity's Own Equity</i>			
34. Have changes in the fair value of all contracts classified as assets or liabilities disclosed, as long as the contracts remain classified as assets or liabilities? [FASB ASC 815-40-50-1]	_____	_____	_____
35. If contracts that are classified as assets or liabilities meet the FASB ASC glossary definition of a derivative instrument and meet the criteria under the provisions of FASB ASC 815-10, are the related disclosures required by FASB ASC 815-10-50, FASB ASC 815-25-50, FASB ASC 815-30-50, and FASB ASC 815-35-50 disclosed, as detailed in questions preceding? [FASB ASC 815-40-50-2]	_____	_____	_____
36. If contracts within the scope of FASB ASC 815-40 are reclassified into (or out of) equity during their lives (in whole or in part) pursuant to the provisions of paragraphs 8–13 of FASB ASC 815-40-35, related to reclassification of contracts, is the contract reclassification, the reason for the reclassification and the effect on the entity's financial statements disclosed? [FASB ASC 815-40-50-3]	_____	_____	_____
37. If the entity partially reclassifies a contract(s) subject to FASB ASC 815-40, is the accounting policy decision disclosed pursuant to FASB ASC 235, <i>Notes to the Financial Statements</i> ? [FASB ASC 815-40-50-4]	_____	_____	_____
38. If the entity has contracts related to their capital structure of the following nature, have the following disclosures, pursuant to FASB ASC 505-10-50 (equity disclosures) been displayed?			
a. If the entity has an option or forward contract, has relevant information including (i) the forward rate, (ii) the option strike price, (iii) the number of shares to which the contract is indexed, (iv) the settlement date(s), and (v) the issuers accounting for the contract (asset, liability, or equity) been disclosed?	_____	_____	_____
b. If the entity's contract(s) provide settlement alternatives, has the relevant information including (i) who controls the settlement alternatives and (ii) the maximum number of shares that could be required to be issued to net share settle the contract been disclosed?	_____	_____	_____
c. If the entity's contract(s) does not have a fixed or determinable maximum number of shares that may be required to be issued, is the fact that an infinite number may be required to settle the contract(s) disclosed?	_____	_____	_____
d. For each of the entity's contract(s) has disclosure been made of the current fair value for each settlement alternative and how changes in the price of the issuer's equity instruments affect those settlement amounts? (For some issuers, a tabular format may provide the most concise and informative presentation of these data.)	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. If the entity has temporary equity (for example redeemable stock issued by nonpublic entities) have the disclosures required by FASB ASC 505-10-50-11 been made? [FASB ASC 815-40-50-5]	_____	_____	_____

Weather Derivatives

39. Weather derivative contracts within the scope of FASB ASC 815-45 are financial instruments, therefore, are the existing U.S. GAAP disclosures for financial instruments such as those required in FASB ASC 825-10-50 included? [FASB ASC 815-45-50-1]	_____	_____	_____
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Disclosures About Fair Value of Financial Instruments

Notes: In April 2009, FASB issued FSP 107-1 and APB 28-1 to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded entities as well as in annual financial statements. This FSP also amends APB Opinion No. 28 to require those disclosures in summarized financial information at interim reporting periods. This FSP applies to all financial instruments within the scope of FASB Statement No. 107 held by publicly traded companies, as defined by APB Opinion No. 28.

FSP FAS 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends), with early adoption permitted for periods ending after March 19, 2009. An entity may early adopt this FSP only if it also elects to early adopt FSP FAS 157-4 and FSP FAS 115-2 and FAS 124-2. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoptions. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 107-1 and APB 28-1.

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 825-10-65-1.

Practice Tips

For interim reporting periods, the disclosure guidance in FASB ASC 825-10-50 applies to all entities but is optional for those entities that do not meet the FASB ASC definition of a publicly traded company.
["Pending Content" in FASB ASC 825-10-50-2A]

U.S. GAAP requires disclosure of or subsequent measurement at fair value for many classes of financial instruments. Those requirements are not superseded or modified by FASB ASC 825-10-50.

FASB ASC 825-10-50-13 does not prohibit an entity from disclosing separately the estimated fair value of any of its nonfinancial intangible and tangible assets and nonfinancial liabilities.

(continued)

Yes No N/A

FASB ASC 825-10-50-14 does not require separate disclosure of trade receivables and payables if the carrying amount approximates fair value.

[FASB ASC 825-10-50 par. 9 and 13–14]

The disclosure about fair values of financial instruments is optional (for annual reporting periods) for reporting entities that

- are nonpublic entities as defined in the FASB ASC glossary,
- have total assets of less than \$100 million on the date of the financial statements, and
- have no instrument that, in whole or in part, is accounted for as a derivative instrument under FASB ASC 815, *Derivatives and Hedging*, other than commitments related to the origination of mortgage loans to be held for sale during the reporting period.

["Pending Content" in FASB ASC 825-10-50-3]

This criterion should be applied to the most recent year presented in comparative financial statements to determine the applicability of FASB ASC 825-10-50.

[FASB ASC 825-10-50-4]

The following table clarifies the requirements for disclosures if prior periods are presented in comparative financial statements.

If Disclosures for the Current Period Are:	And Disclosures for Prior Periods Were:	Then Disclosures for Prior Periods Presented in Comparative Statements Are:
Optional	Optional	Optional
Optional	Required	Optional
Required	Optional	Optional
Required	Required	Required

[FASB ASC 825-10-50 par. 5–7]

40. Has the entity disclosed, either in the body of the financial statements or in the accompanying notes, the fair value of financial instruments for which it is practicable to estimate fair value, the method(s), significant assumptions used to estimate the fair value of the financial instruments and a description of the changes in the method(s) and significant assumptions used, if any, during the period?

["Pending Content" in FASB ASC 825-10-50-10]

41. Has the fair value disclosed in the notes been presented together with the related carrying amount in a form that makes it clear whether the fair value and carrying amount represent assets or liabilities and how the carrying amounts relate to what is reported in the statement of financial position?

[FASB ASC 825-10-50-11]

42. If fair value information is disclosed in more than a single note, does one of the notes include a summary table of the fair value and related carrying amounts, and does the note cross-reference to the location(s) of the remaining required disclosures?

[FASB ASC 825-10-50-12]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
43. In disclosing the fair value of a financial instrument, has the entity taken care not to net that fair value with the fair value of other financial instruments—even if those financial instruments are of the same class or are otherwise considered to be related, for example, by a risk management strategy—except to the extent that the offsetting of carrying amounts in the statement of financial position is permitted under the general principle in FASB ASC 210-20-45-1, or the exceptions for master netting arrangements in FASB ASC 815-10-45-5 and for amounts related to certain repurchase and reverse repurchase agreements in paragraphs 11–17 of FASB ASC 210-25-45? [FASB ASC 825-10-50-15]	_____	_____	_____
44. If it is not practicable (see paragraphs 16–19 of FASB ASC 825-10-50 for definition of practicable in this context) to estimate the fair value of a financial instrument or a class of financial instruments, are the following disclosed:			
a. Information pertinent to estimating the fair value of that financial instrument or class of financial instruments, such as the carrying amount, effective interest rate, and maturity?	_____	_____	_____
b. The reasons why it is not practicable to estimate fair value? [FASB ASC 825-10-50-16]	_____	_____	_____

Practice Tips

Fair value disclosures are required for all financial instruments, whether recognized or not recognized in the statement of financial position, except that the disclosures about fair value in paragraphs 10–16 of FASB ASC 825-10-50 are not required for several classes of financial instruments (see FASB ASC 825-10-50-8). [FASB ASC 825-10-50-8]

Disclosure About Concentrations of Credit Risk of All Financial Instruments

Practice Tip

The disclosure requirements of FASB ASC 825-10-50-21 do not apply to the following financial instruments, whether written or held:

- The financial instruments described in FASB ASC 825-10-50-8(a), (c), (e), and (f), except for reinsurance receivables and prepaid reinsurance premiums.
- Financial instruments of a pension plan, including plan assets, when subject to the accounting and reporting requirements of FASB ASC 715, *Compensation—Retirement Benefits* (financial instruments of a pension plan, other than the obligations for pension benefits, if subject to the accounting and reporting requirements of FASB ASC 960, *Plan Accounting—Defined Benefit Pension Plans*, are subject to the requirements of paragraphs 20–21 of FASB ASC 825-10-50).

[FASB ASC 825-10-50-22]

45. Has the entity made the following disclosures about each significant concentration:

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
a.	Information about the (shared) activity, region, or economic characteristic that identifies the concentration? Possible shared characteristics on which significant concentrations may be determined include, but are not limited to (1) borrowers subject to significant payment increases, (2) loans with terms that permit negative amortization, and (3) loans with high loan-to-value ratios.	_____	_____	_____
b.	The maximum amount of loss due to credit risk that, based on the gross fair value of the financial instrument, the entity would incur if parties to the financial instruments that make up the concentration failed completely to perform according to the terms of the contracts and the collateral or other security, if any, for the amount due proved to be of no value to the entity?	_____	_____	_____
c.	The entity's policy of requiring collateral or other security to support financial instruments subject to credit risk, information about the entity's access to that collateral or other security, and the nature and a brief description of the collateral or other security supporting those financial instruments?	_____	_____	_____
d.	The entity's policy of entering into master netting arrangements to mitigate the credit risk of financial instruments, information about the arrangements for which the entity is a party, and a brief description of the terms of those arrangements, including the extent to which they would reduce the entity's maximum amount of loss due to credit risk? [FASB ASC 825-10-50-21]	_____	_____	_____
46.	Has the entity disclosed quantitative information, such as those listed below, about the market risks of financial instruments that is consistent with the way it manages or adjusts those risks? (<i>Encouraged, but not required.</i>)			
a.	More details about current positions and perhaps activity during the period?	_____	_____	_____
b.	The hypothetical effects on comprehensive income (or net assets), or annual income, of several possible changes in market prices?	_____	_____	_____
c.	A gap analysis of interest rate repricing or maturity dates?	_____	_____	_____
d.	The duration of the financial instruments?	_____	_____	_____
e.	The entity's value at risk from derivatives and from other positions at the end of the reporting period and the average value at risk during the year? [FASB ASC 825-10-50-23]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
47. Are gains and losses (realized and unrealized) on all derivative instruments within the scope of FASB ASC 815, shown net when recognized in the income statement, whether or not settled physically, if the derivative instruments are held for trading purposes? [FASB ASC 815-10-45-9]	_____	_____	_____
Registration Payment Arrangements			
48. If the entity is an issuer of a registration payment arrangement, has the following been disclosed:			
a. The nature of the registration payment, including all of the following:			
i. The approximate term of the arrangement?	_____	_____	_____
ii. The financial instrument(s) subject to the arrangement?	_____	_____	_____
iii. The events or circumstances that would require the issuer to transfer consideration under the arrangement?	_____	_____	_____
b. Any settlement alternatives contained in the terms of the registration payment arrangement, including the party that controls the settlement alternatives?	_____	_____	_____
c. The maximum potential amount of consideration, undiscounted, that the issuer could be required to transfer under the registration payment arrangement (including the maximum number of shares that may be required to be issued)?	_____	_____	_____
d. If the terms of the arrangement provide for no limitation to the maximum potential consideration (including shares) to be transferred, that fact has been disclosed?	_____	_____	_____
e. The current carrying amount of the liability representing the issuer's obligations under the registration payment arrangement?	_____	_____	_____
f. The income statement classification of any gains or losses resulting from changes in the carrying amount of the liability representing the issuer's obligations under the registration payment arrangement? [FASB ASC 825-20-50-1]	_____	_____	_____

Practice Tip

The preceding disclosures are incremental to the disclosures that may be required under other applicable U.S. GAAP and are required even if the likelihood of the issuer having to make any payments under the arrangement is remote.
[FASB ASC 825-20-50-2]

<u>Yes</u>	<u>No</u>	<u>N/A</u>
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Disclosures About Certain Financial Instruments With Characteristics of Both Liabilities and Equity

Notes: In November 2003, FASB issued FSP FAS 150-3, *Effective Date, Disclosures, and Transition for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests under FASB Statement No. 150*, to clarify and defer specific implementation of the provisions of FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*.

FASB Statement No. 150 as issued is effective for mandatorily redeemable financial instruments of nonpublic entities for the first fiscal period beginning after December 15, 2003. For mandatorily redeemable instruments of other entities, FASB Statement No. 150 as issued is effective for financial instruments entered into or modified after May 31, 2003, and for all other instruments for interim periods beginning after June 15, 2003.

FSP FAS 150-3 deferred the effective date for mandatorily redeemable financial instruments issued by nonpublic entities that are not SEC registrants, as follows:

1. For instruments that are mandatorily redeemable on fixed dates for amounts that either are fixed or are determined by reference to an interest rate index, currency index, or another external index, the classification, measurement, and disclosure provisions of FASB ASC 480-10-50 were effective for fiscal periods beginning after December 15, 2004.
2. For all other financial instruments that are mandatorily redeemable, the classification, measurement, and disclosure provisions of FASB ASC 480-10-50 are deferred indefinitely pending further FASB action.

Note that the effective dates for entities that are not nonpublic and are not SEC registrants differ and that early adoption for instruments within the scope of this deferral is prohibited during the deferral period. Readers should review this FSP or the relevant transition guidance to understand the various effective dates of FASB Statement No. 150, as discussed in FASB ASC 480-10-65-1.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 150-3.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered
(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
when provided in this section (check one that applies for your entity): <u> </u> A <u> </u> B Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org . This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 480-10-65-1.			
49B. (FSP FAS 150-3) For items within the scope of FASB ASC 480-10, are they presented as liabilities (or assets in some circumstances), and are those items not presented between the liabilities section and the equity section of the statement of financial position? ["Pending Content" in FASB ASC 480-10-45-1]	_____	_____	_____
50B. (FSP FAS 150-3) For issuers of financial instruments with the scope of FASB ASC 480-10:			
a. Are the nature and terms of the financial instruments and the rights and obligations embodied in those instruments disclosed?	_____	_____	_____
b. Does that disclosure include information about settlement alternatives, if any, in the contract and identify the entity that controls the settlement alternatives? ["Pending Content" in FASB ASC 480-10-50-1]	_____	_____	_____
51B. (FSP FAS 150-3) For all outstanding financial instruments within the scope of FASB ASC 480-10 and for each settlement alternative, does the entity disclose			
a. the amount that would be paid, or the number of shares that would be issued and their fair value, determined under the conditions specified in the contract if the settlement were to occur at the reporting date?	_____	_____	_____
b. how changes in the fair value of the issuer's equity shares would affect those settlement amounts (for example, "the issuer is obligated to issue an additional x shares or pay an additional y dollars in cash for each \$1 decrease in the fair value of one share")?	_____	_____	_____
c. the maximum amount that the issuer could be required to pay to redeem the instrument by physical settlement, if applicable?	_____	_____	_____
d. the maximum number of shares that could be required to be issued, if applicable?	_____	_____	_____
e. that a contract does not limit the amount that the issuer could be required to pay or the number of shares that the issuer could be required to issue, if applicable?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>f.</i> for a forward contract or an option indexed to the issuer's equity shares, the forward price or option strike price, the number of issuer's shares to which the contract is indexed, and the settlement date or dates of the contract, as applicable? ["Pending Content" in FASB ASC 480-10-50-2]</p>	_____	_____	_____
<p>52B. (FSP FAS 150-3) If the entity has no equity instruments outstanding but has financial instruments in the form of shares, all of which are mandatorily redeemable financial instruments,</p>			
<p><i>a.</i> are they classified as liabilities?</p>	_____	_____	_____
<p><i>b.</i> are they described in the statement of financial position as "shares subject to mandatory redemption"?</p>	_____	_____	_____
<p><i>c.</i> are payments to holders of such instruments and related accruals presented separately from payments to and interest due to other creditors in statements of cash flows and income? ["Pending Content" in FASB ASC 480-10-45-2]</p>	_____	_____	_____
<p>53B. (FSP FAS 150-3) Do the entities referred to in question 38 disclose the components of the liability that would otherwise be related to shareholders' interest and OCI, if any, subject to the redemption feature (for example, par value and other paid-in amounts of mandatorily redeemable instruments should be disclosed separately from the amount of retained earnings or accumulated deficit)? ["Pending Content" in FASB ASC 480-10-50-4]</p>	_____	_____	_____
<p>54B. (FSP FAS 150-3) Is the cumulative transition adjustment and any subsequent adjustments reported as an excess of liabilities over assets (a deficit) and changes thereto even though the mandatorily redeemable shares are reported as a liability? ["Pending Content" in FASB ASC 480-10-45-2A]</p>	_____	_____	_____
<p>55B. (FSP FAS 150-3) Are unconditional mandatorily redeemable financial instruments classified as liabilities if those instruments are mandatorily redeemable on fixed dates unless the redemption is required to occur only upon the liquidation or termination of the reporting entity? (Note: A mandatorily redeemable financial instrument is conditional if the obligation depends upon the occurrence of an event not certain to occur. Death is not uncertain of occurrence; thus, death is not a condition.) ["Pending Content" in FASB ASC 480-10-25 par. 4-5]</p>	_____	_____	_____
<p>56B. (FSP FAS 150-3) Are financial instruments, other than an outstanding share, that, at inception, (<i>a</i>) embodies an obligation to repurchase the issuer's equity shares or is indexed to such an obligation, and (<i>b</i>) requires or may require the issuer to settle the obligation by transferring assets, classified as liabilities (or assets in some circumstances)? ["Pending Content" in FASB ASC 480-10-25-8]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
57B. (FSP FAS 150-3) Are financial instruments that embody an unconditional obligation, or financial instruments other than an outstanding share that embodies a conditional obligation, that the issuer must or may settle by issuing a variable number of its equity shares, classified as liabilities (or assets in some circumstances) if, at inception, the monetary value of the obligation is based solely or predominantly on any one of the following:			
a. A fixed monetary amount known at inception (for example, a payable settleable with a variable number of the issuer's equity shares)?	_____	_____	_____
b. Variations in something other than the fair value of the issuer's equity shares (for example, a financial instrument indexed to the Standard and Poor's S&P 500 Index and settleable with a variable number of the issuer's equity shares)?	_____	_____	_____
c. Variations inversely related to changes in the fair value of the issuer's equity shares (for example, a written put option that could be net share settled)? ["Pending Content" in FASB ASC 480-10-25-14]	_____	_____	_____
58. Has the entity disclosed information about the pertinent rights and privileges of the various securities outstanding, including mandatory redemption requirements, in summary form? [FASB ASC 505-10-50-3]	_____	_____	_____
59. Has the entity disclosed the amount of redemption requirements for all issues of stock that are redeemable at fixed or determinable prices on fixed or determinable dates in each of the next five years? [FASB ASC 505-10-50-11]	_____	_____	_____

I. Guarantees

Notes: In September 2008, FASB issued FSP FAS 133-1 and FIN 45-5 to amend disclosures related to the current status of the payment/performance risk of a guarantee under FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others—an interpretation of FASB Statements No. 5, 57 and 107 and rescission of FASB Interpretation No. 34*. This FSP applies guarantees within the scope of FASB Interpretation No. 45.

This FSP also amends paragraph 13(a) of FASB Interpretation No. 45 to require disclosure of the current status of the payment/performance risk of the guarantee.

The FSP is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Early application is encouraged. This statement encourages but does not require disclosures for earlier periods presented for comparative purposes at

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
initial adoption. In years after initial adoption, it requires comparative disclosures only for periods subsequent to initial adoption.			
This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 133-1 and FIN 45-5.			
As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):			
<u> </u> A <u> </u> B			
Readers can refer to the full text of the FSP on the FASB Web site at www.fasb.org .			
This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 815-10-65-2.			

Practice Tip

An entity should disclose certain loss contingencies even though the possibility of loss may be remote. The common characteristic of those contingencies is a guarantee that provides a right to proceed against an outside party in the event that the guarantor is called on to satisfy the guarantee. Examples include the following:

1. Guarantees of indebtedness of others, including indirect guarantees of indebtedness of others
2. Obligations of commercial banks under standby letters of credit
3. Guarantees to repurchase receivables (or, in some cases, to repurchase the related property) that have been sold or otherwise assigned
4. Other agreements that in substance have the same guarantee characteristic

The disclosure should include the nature and amount of the guarantee. Consideration should be given to disclosing, if estimable, the value of any recovery that could be expected to result, such as from the guarantor's right to proceed against an outside party.

[FASB ASC 460-10-50 par. 2-3]

- 1A. Is the following information disclosed by a guarantor about each guarantee, or each group of similar guarantees, even if the likelihood of the guarantor's having to make any payments under the guarantee is remote:
 - a. The nature of the guarantee, including the approximate term, how the guarantee arose, and the events or circumstances that would require the guarantor to perform under the guarantee?

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
b.	The maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee?	_____	_____	_____
c.	If the terms of the guarantee provide for no limitation to the maximum potential future payments under the guarantee, is that fact disclosed?	_____	_____	_____
d.	If the guarantor is unable to develop an estimate of the maximum potential amount of future payments under its guarantee, are the reasons why the maximum potential amount cannot be estimated disclosed?	_____	_____	_____
e.	The current carrying amount of the liability, if any, for the guarantor's obligations under the guarantee, including the amount, if any, recognized under FASB ASC 450-20-30, regardless of whether the guarantee is freestanding or embedded in another contract?	_____	_____	_____
f.	The nature of			
i.	any recourse provisions that would enable the guarantor to recover from third parties any of the amounts paid under the guarantee?	_____	_____	_____
ii.	any assets held either as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee?	_____	_____	_____
g.	If estimable, the approximate extent to which the proceeds from liquidation of those assets would be expected to cover the maximum potential amount of future payments under the guarantee? [FASB ASC 460-10-50-4]	_____	_____	_____
1B.	<i>(FSP FAS 133-1 and FIN 45-5)</i> Is the following information disclosed by a guarantor about each guarantee, or each group of similar guarantees, even if the likelihood of the guarantor's having to make any payments under the guarantee is remote:			
a.	The nature of the guarantee, including all of the following:			
i.	The approximate term of the guarantee?	_____	_____	_____
ii.	How the guarantee arose?	_____	_____	_____
iii.	The events or circumstances that would require the guarantor to perform under the guarantee?	_____	_____	_____
iv.	The current status (that is, as of the date of the statement of financial position) of the payment/performance risk of the guarantee?	_____	_____	_____
v.	If the entity uses internal groupings for the purposes of item (iv), how those groupings are determined and used for managing risk?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee?	_____	_____	_____
c. If the terms of the guarantee provide for no limitation to the maximum potential future payments under the guarantee, is that fact disclosed?	_____	_____	_____
d. If the guarantor is unable to develop an estimate of the maximum potential amount of future payments under its guarantee, are the reasons why the maximum potential amount cannot be estimated disclosed?	_____	_____	_____
e. The current carrying amount of the liability, if any, for the guarantor's obligations under the guarantee, including the amount, if any, recognized under FASB ASC 450-20-30, regardless of whether the guarantee is freestanding or embedded in another contract?	_____	_____	_____
f. The nature of			
i. any recourse provisions that would enable the guarantor to recover from third parties any of the amounts paid under the guarantee?	_____	_____	_____
ii. any assets held either as collateral or by third parties that, upon the occurrence of any triggering event or condition under the guarantee, the guarantor can obtain and liquidate to recover all or a portion of the amounts paid under the guarantee?	_____	_____	_____
g. If estimable, the approximate extent to which the proceeds from liquidation of those assets would be expected to cover the maximum potential amount of future payments under the guarantee? [FASB ASC 460-10-50-4]	_____	_____	_____
2. Are the disclosure requirements in paragraphs 4–6 of FASB ASC 460-10-50 applied to all minimum revenue guarantees in financial statements of interim or annual periods? [FASB ASC 460-10-50 par. 4–6]	_____	_____	_____
3. For product warranties and other guarantee contracts required to be disclosed by FASB ASC 460-10-15-9, is the following information disclosed:			
a. The information required to be disclosed in question 1a, except that a guarantor is not required to disclose the maximum potential amount of future payments in question 1b?	_____	_____	_____
b. The guarantor's accounting policy and methodology used in determining its liability for product warranties (including any liability associated with extended warranties)?	_____	_____	_____
c. A tabular reconciliation of the changes in the guarantor's aggregate product warranty liability for the reporting period?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. Does the tabular reconciliation present			
i. the beginning balance of the aggregate product warranty liability?	_____	_____	_____
ii. the aggregate reductions in that liability for payments made (in cash or in kind) under the warranty?	_____	_____	_____
iii. the aggregate changes in the liability for accruals related to product warranties issued during the reporting period, and the aggregate changes in the liability for accruals related to preexisting warranties, including adjustments related to changes in estimates?	_____	_____	_____
iv. the ending balance of the aggregate product warranty liability? [FASB ASC 460-10-50-8]	_____	_____	_____
4. Are the disclosure requirements in paragraphs 30–35 of FASB ASC 460-10-55 for intellectual property infringement indemnifications complied with? [FASB ASC 460-10-55 par. 30–35]	_____	_____	_____
J. Foreign Currency Matters			
<i>Foreign Currency Transactions</i>			
1. If not disclosed in the financial statements, as discussed in FASB ASC 830-20-45-2, is the aggregate transaction gain or loss included in determining net income for the period disclosed in the notes to the financial statements? [FASB ASC 830-20-50-1]	_____	_____	_____
2. If significant rate changes have occurred after the date of the financial statements, are the effects on unsettled balances related to foreign currency transactions disclosed? [FASB ASC 830-20-50-2]	_____	_____	_____
3. Has management supplemented the preceding disclosures with an analysis and discussion of the effects of rate changes on the reported results of operations? This type of disclosure might include the mathematical effects of translating revenue and expenses at rates that are different from those used in a preceding period as well as the economic effects of rate changes, such as the effects on selling prices, sales volume, and cost structures. The purpose is to assist financial report users in understanding the broader economic implications of rate changes and to compare recent results with those of prior periods. (<i>Encouraged but not required.</i>) [FASB ASC 830-20-50-3]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Foreign Currency Translations</i>			
4. Has an analysis of the changes during the period in the accumulated amount of translation adjustments reported in equity been disclosed either in a separate financial statement, as a part of the statement of changes in equity or in the notes to the financial statements? (See FASB ASC 830-30-45-50 for minimum disclosure requirements.) [FASB ASC 830-30-50-1]	_____	_____	_____
5. If significant rate changes have occurred after the date of the financial statements, are the effects on unsettled balances related to foreign currency transactions disclosed? [FASB ASC 830-30-50-2]	_____	_____	_____
6. Are any foreign earnings reported beyond amounts received in the United States disclosed, if significant? [FASB ASC 280-10-50-41]	_____	_____	_____
K. Long-Lived Assets and Disposal Groups to Be Disposed Of			
<i>Reporting Discontinued Operations</i>			
1. Are the results of operations of a <i>component of an entity</i> (as that phrase is defined in FASB ASC glossary) that either has been disposed of or is classified as held for sale under the requirements of FASB ASC 360-10-45-9, reported in discontinued operations in accordance with FASB ASC 205-20-45-3 if both of the following conditions are met:			
a. The operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal transaction?	_____	_____	_____
b. The entity will not have any significant continuing involvement in the operations of the component after the disposal transaction? [FASB ASC 205-20-45-1]	_____	_____	_____
2. In a period in which a component of an entity either has been disposed of or is classified as held for sale, does the income statement for current and prior periods report the results of operations of the component, including any gain or loss recognized in accordance with FASB ASC 360-10-35-40 and 360-10-40-5, in discontinued operations? [FASB ASC 205-20-45-3]	_____	_____	_____
3. Are the results of operations of a component classified as held for sale reported in discontinued operations in the period(s) in which they occur? [FASB ASC 205-20-45-3]	_____	_____	_____
4. Are the results of discontinued operations, less applicable income taxes (benefit), reported as a separate component of income before extraordinary items and the cumulative effect of accounting changes (if applicable)? [FASB ASC 205-20-45-3]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. Is the gain or loss recognized on the disposal disclosed either on the face of the income statement or in the notes to the financial statements? [FASB ASC 205-20-45-3]	_____	_____	_____
6. Are adjustments to amounts previously reported in discontinued operations that are directly related to the disposal of a component of an entity in a prior period classified separately in the current period in discontinued operations? [FASB ASC 205-20-50-5]	_____	_____	_____
7. Are the nature and amount of such adjustments (as discussed in question 6) disclosed? [FASB ASC 205-20-45-4]	_____	_____	_____
8. Has interest expense on debt assumed by the buyer and interest on debt that is required to be repaid as a result of a disposal transaction allocated to discontinued operations? (The allocation to discontinued operations of other consolidated interest that is not directly attributable to or related to other operations of the entity is permitted, but not required.) [FASB ASC 205-20-45 par. 6–7]	_____	_____	_____

Reporting Disposal Gains or Losses in Continuing Operations

9. Is a gain or loss that is recognized on the sale of a long-lived asset (disposal group) that is not a component of an entity included in income from continuing operations before income taxes in the income statement? [FASB ASC 360-10-45-5]	_____	_____	_____
10. If a subtotal such as “income from operations” is presented, does it include the amounts of those gains or losses considered in question 9? [FASB ASC 360-10-45-5]	_____	_____	_____

Reporting a Long-Lived Asset or Disposal Group Sold or Classified as Held for Sale

Practice Tip

A long-lived asset (disposal group) to be sold shall be classified as held for sale in the period in which all of the criteria at FASB ASC 360-10-45-9 are met.
[FASB ASC 360-10-45-9]

11. Is the following information disclosed in the notes to the financial statements that cover the period in which a long-lived asset (disposal group) either has been sold or is classified as held for sale:			
a. A description of the facts and circumstances leading to the expected disposal, the expected manner and timing of that disposal, and, if not separately presented on the face of the statement, the carrying amount(s) of the major classes of assets and liabilities included as part of a disposal group?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>b.</i> The gain or loss recognized in accordance with FASB ASC 360-10-35-40 and FASB ASC 360-10-40-5 and if not separately presented on the face of the income statement, the caption in the income statement that include that gain or loss?</p>	_____	_____	_____
<p><i>c.</i> If applicable, amounts of revenue and pretax profit or loss reported in discontinued operations?</p>	_____	_____	_____
<p><i>d.</i> If applicable, the segment in which the long-lived asset (disposal group) is reported under FASB ASC 280? [FASB ASC 205-20-50-1]</p>	_____	_____	_____
<p>12. Are the major classes of assets and liabilities that are classified as held for sale separately disclosed either on the face of the statement of financial position or in the notes to financial statements? [FASB ASC 205-20-50-2]</p>	_____	_____	_____
<p>13. If either paragraph 44 or 45 of FASB ASC 360-10-35 applies, is a description of the facts and circumstances leading to the decision to change the plan to sell the long-lived asset (disposal group) and its effect on the results of operations for the period and any prior periods presented disclosed in the notes to the financial statements that include the period of that decision? [FASB ASC 205-20-50-3]</p>	_____	_____	_____
<p>14. For each discontinued operation that generates continuing cash flows, has the following been disclosed:</p>			
<p><i>a.</i> The nature of the activities that give rise to continuing cash flows?</p>	_____	_____	_____
<p><i>b.</i> The period of time continuing cash flows are expected to be generated?</p>	_____	_____	_____
<p><i>c.</i> The principal factors used to conclude that the expected continuing cash flows are not direct cash flows of the disposed component? [FASB ASC 205-20-50-4]</p>	_____	_____	_____
<p>15. For each discontinued operation in which the ongoing entity will engage in a continuation of activities with the disposed component after its disposal and for which the amounts presented in continuing operations after the disposal transaction include a continuation of revenues and expenses that were intra-entity transactions (eliminated in consolidated financial statements) before the disposal transaction, have intra-entity amounts before the disposal transaction been disclosed for all periods presented? Further have the types of continuing involvement, if any, that the entity will have after the disposal transaction been disclosed? (That information should be disclosed in the period in which operations are initially classified as discontinued.) [FASB ASC 205-20-50-6]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
16. If the criteria of FASB ASC 360-10-45-9 are met (and thus a long-lived asset is classified as held for sale) after the balance sheet date but before issuance of the financial statements, does the long-lived asset continue to be classified as held and used in those financial statements when issued and is the information required by FASB ASC 205-20-50-1(a) (question 11) disclosed in the notes to the financial statements? [FASB ASC 360-10-45-13]	_____	_____	_____
17. Is a long-lived asset that is classified as held for sale presented separately in the statement of financial position? [FASB ASC 360-10-45-14]	_____	_____	_____
18. Are the assets and liabilities of a disposal group that is classified as held for sale presented separately in the asset and liability sections, respectively, of the statement of financial position? [FASB ASC 205-20-45-10]	_____	_____	_____
19. Are those assets and liabilities considered in question 18 not offset and presented as a single amount? [FASB ASC 205-20-45-10]	_____	_____	_____
20. If a long-lived asset is to be disposed of other than by sale, does it continue to be classified as held and used until it is disposed of? [FASB ASC 360-10-45-15]	_____	_____	_____

Practice Tip

If circumstances arise that previously were considered unlikely and, as a result, an entity decides not to sell a long-lived asset (disposal group) previously classified as held for sale, the asset (disposal group) should be reclassified as held and used.

[FASB ASC 360-10-45-6]

L. Impaired Loans

- | | | | |
|--|-------|-------|-------|
| 1. Is the following information about loans that meet the definition of impaired loans in paragraphs 16–17 of FASB ASC 310-10-35 disclosed as of the date of each balance sheet presented: | | | |
| a. The total recorded investment in the impaired loans? | _____ | _____ | _____ |
| b. The amount of that recorded investment for which there is a related allowance for credit losses determined in accordance with FASB ASC 310-10-35 and the amount of that allowance? | _____ | _____ | _____ |
| c. The amount of that recorded investment for which there is no related allowance for credit losses determined in accordance with FASB ASC 310-10-35?
[FASB ASC 310-10-50-15] | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Is the policy for recognizing interest income on impaired loans, including how cash receipts are handled, disclosed? [FASB ASC 310-10-50-15]	_____	_____	_____
3. Are the following disclosures made for each period for which an income statement is presented:			
a. The average recorded investment in the impaired loans during the period? [FASB ASC 310-10-50-15]	_____	_____	_____
b. The related amount of interest income recognized during the time within the period that the loans were considered impaired? [FASB ASC 310-10-50-15]	_____	_____	_____
c. Unless not practicable, the amount of interest income recognized using a cash-basis method of accounting during the time within the period that the loans were impaired? [FASB ASC 310-10-50-15]	_____	_____	_____
d. Activity in the total allowance for credit losses related to loans, including the balance in the allowance for credit losses account at the beginning and end of each period, additions charged to operations, direct write-downs charged against the allowance, and recoveries of amounts previously charged off? [FASB ASC 310-10-50-12]	_____	_____	_____

Practice Tip

Information about impaired loans that have been restructured in a troubled debt restructuring involving a modification of terms need not be included in the disclosures required by questions 1 and 3(a)–(c) in years after the restructuring if (a) the restructuring agreement specifies an interest rate equal to or greater than the rate that the creditor was willing to accept at the time of the restructuring for a new loan with comparable risk and (b) the loan is not impaired based on the terms specified in the restructuring agreement. That exception must be applied consistently for questions 1 and 3(a)–(c) to all loans restructured in a troubled debt restructuring that meet the specified criteria.

4. Has the amount of write-down and recorded investment of a loan modified in a troubled debt restructuring been disclosed in the year of writedown? [FASB ASC 310-40-50-4]	_____	_____	_____
5. In years after a restructuring, are loans that are restructured in a troubled debt restructuring into 2 (or more) loan agreements considered separately when assessing the applicability of the disclosures in FASB ASC 310-10-50-15(a) and FASB ASC 310-10-50-15(c) (questions 1 and 3(a)–(c))? [FASB ASC 310-40-50-5]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
M. Impairment of Long-Lived Assets to Be Held and Used			
1. Is an impairment loss recognized for a long-lived asset (asset group) to be held and used included in income from continuing operations before income taxes in the income statement? If a subtotal such as income from operations is presented, does it include the amount of the loss? [FASB ASC 360-10-45-4]	_____	_____	_____
2. Is the following information disclosed in the notes to the financial statements that include the period in which an impairment loss is recognized:			
a. A description of the impaired long-lived asset (asset group) and the facts and circumstances leading to the impairment?	_____	_____	_____
b. If not separately presented on the face of the statement, the amount of the impairment loss and the caption in the income statement that includes the loss?	_____	_____	_____
c. The method or methods for determining fair value (whether based on a quoted market price, prices for similar assets, or another valuation technique)?	_____	_____	_____
d. If applicable, the segment in which the impaired long-lived asset (asset group) is reported under FASB ASC 280? [FASB ASC 360-10-50-2]	_____	_____	_____
3. If the occurrence of a significant event or circumstance at any time during the assessment period results in an expectation that the criteria for reporting discontinued operations in FASB ASC 205-20-45-1 will be met by the end of the assessment period, is the component's operations presented as discontinued operations? [FASB ASC 205-20-55-22]	_____	_____	_____
4. Is the following information disclosed in the notes to the financial statements for each discontinued operation that generates continuing cash flows:			
a. The nature of the activities that give rise to continuing cash flows?	_____	_____	_____
b. The period of time continuing cash flows are expected to be generated?	_____	_____	_____
c. The principal factors used to conclude that the expected continuing cash flows are not direct cash flows of the disposed component?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
d.	Additionally, for each discontinued operation in which the ongoing entity will engage in a “continuation of activities” with the disposed component after its disposal and for which the amounts presented in continuing operations after the disposal transaction include a continuation of revenues and expenses that were intra-entity transactions before the disposal transaction, are those intra-entity amounts before the disposal transaction disclosed for all periods for comparability purposes?	_____	_____	_____
e.	Are the types of continuing involvement, if any, that the entity will have after the disposal transaction disclosed in the period in which the operations are initially classified as discontinued? [FASB ASC 205-20-55 par. 9–12]	_____	_____	_____
N. Leases—Lessors				
1.	For leasing transactions with related parties, are the nature and extent of the transaction disclosed? [FASB ASC 840-10-50-1]	_____	_____	_____
2.	If leasing, exclusive of leveraged leasing, is a significant part of the lessor’s business activities in terms of revenue, net income, or assets, is a general description of the lessor’s leasing arrangements disclosed? [FASB ASC 840-10-50-4]	_____	_____	_____
3.	For sales-type and direct financing leases, do disclosures include			
a.	the components of the net investment in sales-type and direct financing leases as of each balance-sheet date:			
i.	Future minimum lease payments to be received, with separate deductions for (a) amounts representing executory costs, including any profit thereon, included in minimum lease payments and (b) the accumulated allowances for uncollectible minimum lease payments receivable?	_____	_____	_____
ii.	The unguaranteed residual values accruing to the benefit of the lessor?	_____	_____	_____
iii.	For direct financing leases only, initial direct costs?	_____	_____	_____
iv.	Unearned income?	_____	_____	_____
b.	future minimum lease payments to be received for each of the five succeeding fiscal years as of the latest balance sheet presented?	_____	_____	_____
c.	total contingent rentals included in income for each period for which an income statement is presented? [FASB ASC 840-30-50-4]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. For operating leases, do disclosures include			
a. the cost and carrying amount (if different) of property on lease or held for leasing by major classes of property according to nature and function, and the amount of accumulated depreciation in total as of the latest balance-sheet date?	_____	_____	_____
b. minimum future rentals on noncancelable leases as of the latest balance-sheet date presented, in the aggregate and for each of the five succeeding fiscal years?	_____	_____	_____
c. total contingent rentals included in income for each period for which an income statement is presented? [FASB ASC 840-20-50-4]	_____	_____	_____
5. For investments in leveraged leases, do disclosures include			
a. in the balance sheet, the amount of deferred taxes presented separately from the remainder of the net investment? [FASB ASC 840-30-45-5]	_____	_____	_____
b. in the income statement or the notes thereto, separate presentation (from each other) of pretax income from the leveraged lease, the tax effect of pretax income, and the amount of investment tax credit recognized as income during the period? [FASB ASC 840-30-45-5]	_____	_____	_____
c. when leveraged leasing is a significant part of the lessor's business activities in terms of revenue, net income, or assets, the components of the net investment balance in leveraged leases in the notes to the financial statements? [FASB ASC 840-30-45-5]	_____	_____	_____
6. If accounting for the effect on leveraged leases of the change in tax rates results in a significant variation from the customary relationship between income tax expense and pretax accounting income and the reason for that variation is not otherwise apparent, has the entity disclosed the reason for that variation? [FASB ASC 840-30-50-6]	_____	_____	_____
7. For contingent rental income			
a. has disclosure been made of the lessor's accounting policy for contingent rental income?	_____	_____	_____
b. if the lessor accrues contingent rental income prior to the lessee's achievement of the specified target (provided achievement of that target is considered probable), has disclosure been made of the impact on rental income as if the lessor's accounting policy was to defer contingent rental income until the specified target is met? [FASB ASC 840-10-50-5]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
O. Leases—Lessees			
1. For leasing transactions with related parties, are the nature and extent of transactions disclosed? [FASB ASC 840-10-50-1]	_____	_____	_____
2. For capital leases, do disclosures include			
a. the gross amounts of assets recorded as of each balance-sheet date presented by major classes according to nature or function? (<i>Note:</i> This information may be combined with comparable information for owned assets.) [FASB ASC 840-30-50-1]	_____	_____	_____
b. future minimum lease payments as of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years with separate deductions from the total for the amount representing executory costs, including any profit thereon, included in the minimum lease payments and for the amount of imputed interest necessary to reduce net minimum lease payments to present value? [FASB ASC 840-30-50-1]	_____	_____	_____
c. total of future minimum sublease rentals to be received in the future under noncancelable subleases as of the latest balance-sheet date? [FASB ASC 840-30-50-1]	_____	_____	_____
d. total contingent rentals actually incurred for each period for which an income statement is presented? [FASB ASC 840-30-50-1]	_____	_____	_____
e. are the following separately identified in the balance sheet or in the notes to the financial statements:			
i. Assets recorded under capital leases and the accumulated amortization thereon related obligations under the lease? [FASB ASC 840-30-45-1]	_____	_____	_____
ii. The related obligations under the lease? [FASB ASC 840-30-45-2]	_____	_____	_____
f. amortization expense, unless it is included in depreciation expense and that fact is disclosed? [FASB ASC 840-30-45-3]	_____	_____	_____
3. For operating leases that have initial or remaining noncancelable lease terms in excess of one year, do disclosures include			
a. future minimum rental payments required as of the latest balance sheet presented, in the aggregate, and for each of the five succeeding fiscal years?	_____	_____	_____
b. total of future minimum rentals under noncancelable subleases as of the date of the latest balance sheet presented? [FASB ASC 840-20-50-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. For all operating leases			
a. do disclosures include rental expense for each period for which an income statement is presented?	_____	_____	_____
b. are separate amounts presented for			
i. minimum rentals?	_____	_____	_____
ii. contingent rentals?	_____	_____	_____
iii. sublease rentals? [FASB ASC 840-20-50-1]	_____	_____	_____
5. Do disclosures include a general description of the lessee's leasing arrangements including but not limited to			
a. the basis on which contingent rental payments are determined?	_____	_____	_____
b. the existence and terms of renewal or purchase options or escalation clauses?	_____	_____	_____
c. restrictions imposed by lease agreements, such as those concerning dividends, additional debt, or further leasing? [FASB ASC 840-10-50-2]	_____	_____	_____
6. If there is a modification of lease terms and the increase in lease payments is a termination penalty, is the accounting policy disclosed in accordance with FASB ASC 235? [FASB ASC 840-20-55-6]	_____	_____	_____
7. Do the financial statements of a seller-lessee include a description of the terms of the sale-leaseback transaction including future commitments, obligations, provisions, or circumstances that require or result in the seller-lessee's continuing involvement? [FASB ASC 840-40-50-1]	_____	_____	_____
8. If a sale-leaseback transaction is accounted for using the deposit method or as a financing arrangement, are the following disclosures made:			
a. The obligation for future minimum lease payments as of the date of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years?	_____	_____	_____
b. The total of minimum sublease rentals, if any, to be received in the future under noncancelable subleases in the aggregate and for each of the five succeeding fiscal years? [FASB ASC 840-40-50-2]	_____	_____	_____
P. Nonmonetary Transactions			
1. Do disclosures for nonmonetary transactions during the period include			
a. nature of the transactions?	_____	_____	_____
b. basis of accounting for the assets transferred?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. gains or losses recognized on the transfers? [FASB ASC 845-10-50-1]	_____	_____	_____
2. Has disclosure been made, in each period's financial statements, of the amount of gross operating revenue recognized as a result of nonmonetary transactions (see FASB ASC 505-50)? [FASB ASC 845-10-50-2]	_____	_____	_____

Practice Tip

Examples 1–3 in paragraphs 11–26 of FASB ASC 845-10-55 discuss issues that develop when an entity sells inventory to another entity from which it also purchases inventory to be sold in the same line of business. The inventory purchase and sales transactions may be pursuant to a single arrangement or separate arrangements, and the inventory purchased or sold may be in the form of raw materials, work-in-process (WIP), or finished goods.

3. If nonmonetary exchanges of inventory within the same line of business are recognized at fair value, is the classification of inventory as raw materials, WIP, and finished goods for purposes of FASB ASC 845-10 the same classification that an entity uses for external financial reporting purposes? [FASB ASC 845-10-45-1]	_____	_____	_____
4. If nonmonetary exchanges of inventory within the same line of business are recognized at fair value, does an entity disclose the amount of revenue and costs (or gains and losses) associated with those inventory exchanges recognized at fair value? [FASB ASC 845-10-50-3]	_____	_____	_____
Q. Postemployment Benefits			
1. If an obligation for postemployment benefits (for example, salary continuation, supplemental unemployment benefits, severance benefits, disability related benefits, job training and counseling, and continuation of health and insurance coverage [paragraphs 4–6 of FASB ASC 712-10-05]) has not been accrued because the amount cannot be reasonably estimated, is that fact disclosed in the financial statements? [FASB ASC 712-10-50-2]	_____	_____	_____
R. Related-Party Transactions and Economic Dependency			
1. For related-party transactions, do disclosures include			
a. the nature of the relationships involved?	_____	_____	_____
b. for each period for which an income statement is presented			
i. a description of the transaction, including transactions to which no amounts or nominal amounts were ascribed?	_____	_____	_____
ii. other information deemed necessary to an understanding of the effects of the transaction on the financial statements?	_____	_____	_____
iii. the dollar amount of transactions?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iv. the effect of any changes in the method of establishing the terms from that used in the preceding period?	_____	_____	_____
c. amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement?	_____	_____	_____
d. if the entity is a member of a group that files a consolidated tax return, have the following been disclosed in its separately issued financial statements:			
i. The aggregate amount of current and deferred tax expense for each statement of earnings presented and the amount of any tax-related balances due to or from affiliates as of the date of each statement of financial position presented?	_____	_____	_____
ii. The principal provisions of the method by which the consolidated amount of current and deferred tax expense is allocated to members of the group and the nature and effect of any changes in that method (and in determining related balances to or from affiliates) during the years for which the preceding disclosures are presented? [FASB ASC 850-10-50-1; FASB ASC 740-10-50-17]	_____	_____	_____
2. Have notes or accounts receivable from officers, employees, or affiliated entities been shown separately and have not been included under a general heading (such as notes receivable or accounts receivable)? [FASB ASC 850-10-50-2]	_____	_____	_____
3. If representations about transactions with related parties are made, do they avoid the implication that the related party transactions were consummated at arm's length, or if such implications are made, can they be substantiated? [FASB ASC 850-10-50-5]	_____	_____	_____
4. If (a) the reporting entity and one or more other enterprises are under common ownership or management control and (b) the existence of the control could result in operating results or financial position of the reporting entity being significantly different from that if the enterprise were autonomous, is the nature of the control relationships disclosed (even if there are no transactions between the enterprises)? [FASB ASC 850-10-50-6]	_____	_____	_____
5. Are the nature and extent of leasing transactions with related parties appropriately disclosed? [FASB ASC 840-10-50-1]	_____	_____	_____
6. Are combined financial statements considered for entities under common control? [FASB ASC 810-10-55-1B]	_____	_____	_____

Yes No N/A

Practice Tip

In some cases, aggregation of similar transactions by type of related party may be appropriate. Sometimes, the effect of the relationship between the parties may be so pervasive that disclosure of the relationship alone will be sufficient. If necessary to the understanding of the relationship, the name of the related party should be disclosed.

Further, it is not necessary to duplicate disclosures in a set of separate financial statements that is presented in the financial report of another entity (the primary reporting entity) if those separate financial statements also are consolidated or combined in a complete set of financial statements and both sets of financial statements are presented in the same financial report.

[FASB ASC 810-10-50 par. 3–4]

S. Demutualizations and Formations of Mutual Insurance Holding Companies

- | | | | | |
|------|--|-------|-------|-------|
| 1. | Are the nature and terms of a demutualization or formation of and MIHC and the basis of presentation and terms of operation of the closed block disclosed?
[FASB ASC 944-805-50-2] | _____ | _____ | _____ |
| 2. | Is a general description of the method of emergence of earnings from the closed block, presentation of assets and liabilities of the closed block, and policyholder dividend obligation provided?
[FASB ASC 944-805-50-2] | _____ | _____ | _____ |
| 3. | If the entity has formed a closed block, are the following disclosed: | | | |
| a. | A general description of the closed block, including: | | | |
| i. | The purpose of the closed block? | _____ | _____ | _____ |
| ii. | The types of insurance policies included? | _____ | _____ | _____ |
| iii. | The nature of the cash flows that increase and decrease the amount of closed block assets and liabilities? | _____ | _____ | _____ |
| iv. | An indication of the continuing responsibility of the insurance entity to support the payment of contractual benefits? | _____ | _____ | _____ |
| v. | The nature of expenses charged to the closed block operations? | _____ | _____ | _____ |
| b. | Summarized financial data of the closed block as of, or for periods ending on the date of, the financial statements presented, which should include, at a minimum, all of the following: | | | |
| i. | The carrying amounts for the major types of invested assets of the closed block? | _____ | _____ | _____ |
| ii. | Future policy benefits and policyholders' account balances? | _____ | _____ | _____ |
| iii. | Policyholder dividend obligation? | _____ | _____ | _____ |
| iv. | Premiums? | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
v. Net investment income?	_____	_____	_____
vi. Realized investment gains and losses?	_____	_____	_____
vii. Policyholder benefits?	_____	_____	_____
viii. Policyholder dividends?	_____	_____	_____
ix. The amount of maximum future earnings remaining to inure to the benefit of stockholders from the assets and liabilities of the closed block?	_____	_____	_____
x. An analysis of the changes in the policyholder dividend obligation? [FASB ASC 944-805-50-3]	_____	_____	_____

Practice Tips

Disclosures that typically would be required by the preceding item for the various specific elements included in the closed block need not be made separately for the closed block if the nature of the information for the closed block would not differ significantly from that already included for the reporting entity as a whole. For example, it is not necessary to show a separate schedule of contractual maturities of closed block fixed maturity securities if the relative composition of contractual maturities is similar to those of the reporting entity taken as a whole. However, if the relative maturities of the closed block fixed maturities securities differ from those of the reporting entity taken as a whole, separate disclosures should be made.

In addition, closed block assets, liabilities, revenues, and expenses should be displayed together with all other assets, liabilities, revenues, and expenses of the insurance entity based on the nature of the particular item, with appropriate disclosures relating to the closed block.

[FASB ASC 944-805-50-4 and 944-805-45-1]

4. Are unrealized investment gains and losses, other items of accumulated other comprehensive income, and the amount of offsetting policyholder dividend obligation not netted in the presentation of other comprehensive income? [FASB ASC 944-805-45-2]	_____	_____	_____
5. Are direct and incremental costs related to a demutualization or formation of a mutual insurance entity classified as a single line item within income from continuing operations and not classified as an extraordinary item? [FASB ASC 944-805-45-3]	_____	_____	_____
6. If an insurance entity demutualizes in a distribution-form demutualization, has all of its retained earnings as of the date of demutualization been reclassified to capital stock and additional paid-in capital? [FASB ASC 944-805-45-4]	_____	_____	_____
7. If the entity distributed cash or policy credits to policyholders in lieu of capital stock, as part of the demutualization, has the distribution been recorded as a direct reduction to the appropriate capital accounts? FASB ASC 944-805-45-4]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Note: The equity accounts of a mutual insurance holding entity at the formation date should be determined using the principles for transactions of entities under common control, with the amount of retained earnings of the demutualized insurance entity, before reclassification to the capital accounts, being reported as retained earnings of the mutual insurance holding entity. Because the accounting bases and carrying amounts of assets and liabilities are not changed as a consequence of demutualization or formation of a mutual insurance holding entity, the amounts in accumulated other comprehensive income also should not be changed as a consequence of demutualization or formation of a mutual insurance holding entity.			

T. Exit or Disposal Activities

- | | | | | |
|------|---|-------|-------|-------|
| 1. | Is the following information disclosed in notes to the financial statements that include the period in which an exit or disposal activity is initiated and any subsequent period until the activity is completed: | | | |
| a. | A description of the exit or disposal activity, including the facts and circumstances leading to the expected activity and the expected completion date? | _____ | _____ | _____ |
| b. | For each major type of cost associated with the activity (for example, one-time termination benefits, contract termination costs, and other associated costs) | | | |
| i. | the total amount expected to be incurred in connection with the activity, the amount incurred in the period, and the cumulative amount incurred to date? | _____ | _____ | _____ |
| ii. | a reconciliation of the beginning and ending liability balances showing separately the changes during the period attributable to costs incurred and charged to expense, costs paid or otherwise settled, and any adjustments to the liability with an explanation of the reason(s) therefore? | _____ | _____ | _____ |
| c. | The line item(s) in the income statement in which the costs in item (b) are aggregated? | _____ | _____ | _____ |
| d. | For each reportable segment, as defined in FASB ASC 280-10-50-10 | | | |
| i. | the total amount of costs expected to be incurred in connection with the activity? | _____ | _____ | _____ |
| ii. | the amount incurred in the period? | _____ | _____ | _____ |
| iii. | the cumulative amount incurred to date, net of any adjustments to the liability with an explanation of the reason(s) why? | _____ | _____ | _____ |
| e. | If a liability for a cost associated with the activity is not recognized because fair value cannot be reasonably estimated, that fact and the reasons why?
[FASB ASC 420-10-50-1] | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Are costs associated with an exit or disposal activity that involves a discontinued operation included in the results of discontinued operations in accordance with FASB ASC 205-20-45? [FASB ASC 420-10-45-2]	_____	_____	_____
3. Are costs associated with an exit or disposal activity that does not involve a discontinued operation included in income from continuing operations before income taxes, for example, in a subtotal such as "income from operations"? [FASB ASC 420-10-45-3]	_____	_____	_____
4. If an event or circumstance occurs that discharges or removes an entity's responsibility to settle a liability for a cost associated with an exit or disposal activity recognized in a prior period, is the liability reversed? [FASB ASC 420-10-40-1]	_____	_____	_____
5. Are the related costs reversed through the same line item(s) in the income statement used when those costs were recognized initially? [FASB ASC 420-10-40-1]	_____	_____	_____

U. Segment Reporting

Note: The guidance in the FASB ASC 280 applies to all public entities, with certain exceptions as follows. Entities other than public entities are also encouraged to provide the disclosures described in FASB ASC 280-10.

The guidance in FASB ASC 280-10 does not apply to the following entities:

- Parent entities, subsidiaries, joint ventures, or investees accounted for by the equity method if those entities' separate company statements also are consolidated or combined in a complete set of financial statements and both the separate company statements and the consolidated or combined statements are included in the same financial report. However, FASB ASC 280-10 does apply to those entities if they are public entities and their financial statements are issued separately.
- Not-for-profit entities (regardless of whether the entity meets the definition of a public entity as defined in the preceding list item).
- Nonpublic entities.

[FASB ASC 280-10-15 par. 2–3]

Practice Tips

A public entity should report separately information about each operating segment that meets both of the following criteria:

- Has been identified in accordance with FASB ASC 280-10-50-1 and paragraphs 3–9 of FASB ASC 280-10-50 or results from aggregating 2 or more of those segments in accordance with the following paragraph

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<ul style="list-style-type: none"> Exceeds the quantitative thresholds in FASB ASC 280-10-50-12 <p>Public entities are encouraged to report information about segments that do not meet the quantitative thresholds if management believes that it is material.</p> <p>Paragraphs 13–18 of FASB ASC 280-10-50 specify other situations in which separate information about an operating segment should be reported. FASB ASC 280-10-55-26 and examples 1–2 (see paragraphs 27–45 of FASB ASC 280-10-55) illustrate how to apply the main provisions in this section for identifying reportable operating segments.</p> <p>A public entity should report separately information about an operating segment that meets any of the following quantitative thresholds:</p> <ul style="list-style-type: none"> Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 percent or more of the combined revenue, internal and external, of all operating segments. The absolute amount of its reported profit or loss is 10 percent or more of the greater, in absolute amount, of either <ul style="list-style-type: none"> the combined reported profit of all operating segments that did not report a loss or the combined reported loss of all operating segments that did report a loss. Its assets are 10 percent or more of the combined assets of all operating segments. <p>Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to readers of the financial statements.</p> <p>[FASB ASC 280-10-50 par. 10 and 12–19]</p> <p>If total of external revenue reported by operating segments constitutes less than 75 percent of total consolidated revenue, additional operating segments should be identified as reportable segments (even if they do not meet the criteria in FASB ASC 280-10-50-12) until at least 75 percent of total consolidated revenue is included in reportable segments.</p> <p>[FASB ASC 280-10-50-14]</p> <p>If management judges an operating segment identified as a reportable segment in the immediately preceding period to be of continuing significance, information about that segment should continue to be reported separately in the current period even if it no longer meets the criteria for reportability in FASB ASC 280-10-50-12.</p> <p>[FASB ASC 280-10-50-16]</p>			

1. **(Issuers Only)** Have the following disclosures been made for each period for which an income statement is presented:
 - a. Factors used to identify the public entity's reportable segments, including the basis of organization (for example, whether management has chosen to organize the reporting entity around differences in products and services, geographic areas, regulatory environments, or a combination of factors and whether operating segments have been aggregated)?
 - b. Types of products and services from which each reportable segment derives its revenues?
[FASB ASC 280-10-50-21]
2. **(Issuers Only)** Has a measure of profit or loss and total assets been reported for each reportable segment?
[FASB ASC 280-10-50-22]

_____	_____	_____
_____	_____	_____
_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. (Issuers Only) If the following specified amounts (a) are included in the measure of segment profit or loss reviewed by the chief operating decision maker or (b) are otherwise regularly provided to the chief operating decision maker, even if not included in that measure of segment profit or loss, are they disclosed for each reportable segment:			
a. Revenues from external customers?	_____	_____	_____
b. Revenues from transactions with other operating segments of the reporting entity?	_____	_____	_____
c. Interest revenue?	_____	_____	_____
d. Interest expense?	_____	_____	_____
e. Depreciation, depletion, and amortization expense?	_____	_____	_____
f. Unusual items as described in FASB ASC 225-20-45-16?	_____	_____	_____
g. Equity in the net income of investees accounted for by the equity method?	_____	_____	_____
h. Income tax expense or benefit?	_____	_____	_____
i. Extraordinary items?	_____	_____	_____
j. Significant noncash items other than depreciation, depletion, and amortization expense? [FASB ASC 280-10-50-22]	_____	_____	_____
4. (Issuers Only) Unless a segment has no or immaterial financial operations, has the entity reported interest revenue separately from interest expense for each reportable segment (unless a majority of the segment's revenues are from interest and the chief operating decision maker relies primarily on net interest revenue to assess the performance of the segment and make decisions about resources to be allocated to the segment)? (In that situation, a public entity may report that segment's interest revenue net of its interest expense and disclose that it has done so.) [FASB ASC 280-10-50 par. 22-24]	_____	_____	_____
5. (Issuers Only) If the following specified amounts are (a) included in the determination of segment assets reviewed by the chief operating decision maker or (b) are otherwise regularly provided to the chief operating decision maker, even if not included in that measure of segment assets, are they disclosed for each reportable segment:			
a. The amount of investment in equity method investees?	_____	_____	_____
b. Total expenditures for additions to long-lived assets other than any of the following: financial instruments, long term customer relationships of a financial institution, mortgage and other servicing rights, deferred policy acquisition costs, or deferred tax assets? [FASB ASC 280-10-50-25]	_____	_____	_____

Yes No N/A

Practice Tips

If no asset information is provided for a reportable segment, that fact and the reason therefore should be disclosed.

[FASB ASC 280-10-50-26]

Reconciliations of balance sheet amounts for reportable segments to consolidated balance sheet amounts are required only for each year for which a balance sheet is presented. Previously reported information for prior periods should be restated as described in paragraphs 34–35 of FASB ASC 380-10-50.

[FASB ASC 280-10-50-20]

- | | | | | |
|----|---|-------|-------|-------|
| 6. | (Issuers Only) Is an explanation of the measurements of segment profit or loss and segment assets that discloses the following for each reportable segment provided: | | | |
| a. | The basis of accounting for any transactions between reportable segments? | _____ | _____ | _____ |
| b. | The nature of any differences between the reporting entity's consolidated income before taxes, extraordinary items, discontinued operations, and the cumulative effect of changes in accounting principle? | _____ | _____ | _____ |
| c. | The nature of any differences between the measurements of the reportable segments' assets and the reporting entity's consolidated assets? | _____ | _____ | _____ |
| d. | The nature of any changes from prior periods in the measurement methods used to determine reported segment profit or loss and the effect, if any, of those changes on the measure of segment profit or loss? | _____ | _____ | _____ |
| e. | The nature and effect of any asymmetrical allocations to segments? | _____ | _____ | _____ |
| | [FASB ASC 280-10-50-29] | | | |
| 7. | (Issuers Only) Are reconciliations of the totals of the reportable segments' revenues, measures of profit or loss, assets, and every other significant item of information disclosed to corresponding consolidated amounts presented with all significant reconciling items separately identified and described? | _____ | _____ | _____ |
| | [FASB ASC 280-10-50 par. 30–31] | | | |
| 8. | (Issuers Only) Has the following information about each reportable segment in condensed financial statements of interim periods been disclosed for current quarter and year-to-date amounts: | | | |
| a. | Revenues from external customers? | _____ | _____ | _____ |
| b. | Intersegment revenues? | _____ | _____ | _____ |
| c. | A measure of segment profit or loss? | _____ | _____ | _____ |
| d. | Total assets for which there has been a material change from the amount disclosed in the last annual report? | _____ | _____ | _____ |
| e. | A description of differences from the last annual report in the basis of segmentation or in the basis of measurement of segment profit or loss? | _____ | _____ | _____ |

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
	<p><i>f.</i> A reconciliation of the total of the reportable segments' measures of profit or loss to the public entity's consolidated income before income taxes, extraordinary items, and discontinued operations? If a public entity allocates items such as income taxes and extraordinary items to segments, the public entity may choose to reconcile the total of the segments' measures of profit or loss to consolidated income after those items. Significant reconciling items should be separately identified and described in that reconciliation.</p> <p>[FASB ASC 280-10-50 par. 32-33]</p>	_____	_____	_____
9.	<p>(Issuers Only) If the reporting entity changes the structure of its internal organization in a manner that changes the composition of its reportable segments, is the corresponding information for prior periods restated and is the fact that the corresponding items of segment information for earlier periods have been restated disclosed?</p> <p>[FASB ASC 280-10-50-34]</p>	_____	_____	_____
10.	<p>(Issuers Only) If the reporting entity changes the structure of its internal organization in a manner that changes the composition of its reportable segments and the corresponding information for prior periods is not restated, does disclosure in the year in which the change occurs include segment information for the current period under both the old basis and the new basis?</p> <p>[FASB ASC 280-10-50-35]</p>	_____	_____	_____
11.	<p>(Issuers Only) For all reporting entities subject to FASB ASC 280-10, including those that have a single reportable segment, are the following enterprise-wide items disclosed:</p>			
	<p><i>a.</i> Revenues from external customers for each product and service or each group of similar products and services unless it is impracticable to do so?</p> <p>[FASB ASC 280-10-50-40]</p>	_____	_____	_____
	<p><i>b.</i> The following geographic information unless it is impracticable to do so:</p>			
	<p><i>i.</i> Revenues from external customers (<i>a</i>) attributed to the reporting entity's country of domicile and (<i>b</i>) attributed to all foreign countries in total from which the reporting entity derives revenue?</p>	_____	_____	_____
	<p><i>ii.</i> Revenues from external customers attributed to an individual foreign country, if material?</p>	_____	_____	_____
	<p><i>iii.</i> The basis for attributing revenues from external customers to individual countries?</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
iv. Long-lived assets other than financial instruments, long term customer relationships of a financial institution, mortgage and other servicing rights, deferred policy acquisition costs, and deferred tax assets (a) located in the reporting entity's country of domicile and (b) located in all foreign countries in total in which the reporting entity holds assets?	_____	_____	_____
v. Long-lived assets as described above in an individual foreign country, if material? [FASB ASC 280-10-50-41]	_____	_____	_____
c. Information about the extent of the reporting entity's reliance on its major customers, including the following:			
i. If revenues from transactions with any single customer amount to 10 percent or more of the reporting entity's revenues, that fact, the total amount of revenues from each such customer, and the identity of the segment or segments reporting the revenue? [FASB ASC 280-10-50-42]	_____	_____	_____
12. (Issuers Only) If the information described in questions 12(a)–(b) has not been disclosed because it is impracticable, is that fact disclosed? [FASB ASC 280-10-50 par. 40–41]	_____	_____	_____
V. Stock Compensation Plans			
1. If the entity has one or more share-based payment arrangements, does it disclose information that enables users of the financial statements to understand			
a. the nature and terms of such arrangements that existed during the period and the potential effects of those arrangements on shareholders?	_____	_____	_____
b. the effect of compensation cost arising from share-based payment arrangements on the income statement?	_____	_____	_____
c. the method of estimating the fair value of the goods or services received, or the fair value of the equity instruments granted (or offered to grant), during the period?	_____	_____	_____
d. the cash flow effects resulting from share-based payment arrangements? [FASB ASC 718-10-50-1]	_____	_____	_____
2. If the entity acquires goods or services other than employee services in share-based payment transactions, does it provide disclosures similar to those in question 1 required by FASB ASC 718-10-50-1 and FASB ASC 718-10-50-2 to the extent that those disclosures are important to an understanding of the effects of those transactions on the financial statements? [FASB ASC 505-50-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Has the following, at a minimum, been disclosed with regards to stock-based compensation:			
<i>a.</i> A description of the share-based payment arrangement(s), including the general terms of awards under the arrangement(s), such as			
<i>i.</i> the requisite service period(s) and any other substantive conditions (including those related to vesting)?	_____	_____	_____
<i>ii.</i> the maximum contractual term of equity (or liability) share options or similar instruments?	_____	_____	_____
<i>iii.</i> the number of shares authorized for awards of equity share options or other equity instruments?	_____	_____	_____
<i>b.</i> The method it uses for measuring compensation cost from share-based payment arrangements with employees?	_____	_____	_____
<i>c.</i> For the most recent year for which an income statement is provided, both of the following:			
<i>i.</i> The number and weighted-average exercise prices (or conversion ratios) (<i>a</i>) shares outstanding at the beginning of the year, (<i>b</i>) shares outstanding at the end of the year, (<i>c</i>) shares exercisable or convertible at the end of the year, and (<i>d</i>) those during the year that were granted, exercised or converted, forfeited and expired?	_____	_____	_____
<i>ii.</i> The number and weighted-average grant-date fair value (or calculated value for a nonpublic entity that uses that method or intrinsic value for awards measured pursuant to FASB ASC 718-10-30-21) of equity instruments not specified in (c)(i), for (<i>a</i>) equity instruments nonvested at the beginning of the year, (<i>b</i>) nonvested at the end of the year, and (<i>c</i>) those during the year that were granted, vested and forfeited?	_____	_____	_____
<i>d.</i> For each year for which an income statement is provided			
<i>i.</i> the weighted average grant-date fair values (or calculated value for a nonpublic entity that uses that method or intrinsic value for awards measured at that value pursuant to FASB ASC 718-10-30-21 and FASB ASC 718-10-30-22) of equity options or other equity instruments granted during the year?	_____	_____	_____
<i>ii.</i> the total intrinsic value of options exercised (or share units converted), share-based liabilities paid, and the total fair value of shares vested during the year?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
e.	For fully vested share options (or share units) and share options expected to vest at the dated of the latest statement of financial position			
i.	the number, weighted-average exercise price (or conversion ratio), aggregate intrinsic value (except for nonpublic entities), and weighted-average remaining contractual term of options (or share units) outstanding?	_____	_____	_____
ii.	the number, weighted-average exercise price (or conversion ratio), aggregate intrinsic value (except for nonpublic entities), and weighted-average remaining contractual term of options (or share units) currently exercisable (or convertible)?	_____	_____	_____
f.	For each year for which an income statement is presented, both of the following (an entity that uses the intrinsic value method pursuant to FASB ASC 718-10-30-21 and FASB ASC 718-10-30-22 is not required to disclose the following information for awards accounted for under that method):			
i.	A description of the method used during the year to estimate the fair value (or calculated value) of awards under share-based payment arrangements?	_____	_____	_____
ii.	A description of the significant assumptions used during the year to estimate the fair value (or calculated value) of share-based compensation awards, including (if applicable)			
(1)	expected term of share options and similar instruments, including a discussion of the method used to incorporate the contractual term of the instruments and employees' expected exercise and postvesting employment termination behavior into the fair value (or calculated value) of the instrument?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
	(2) expected volatility of the entity's shares and the method used to estimate it? An entity that uses a method that employs different volatilities during the contractual term should disclose the range of expected volatilities used and the weighted-average expected volatility. A nonpublic entity that uses the calculated value method should disclose the reasons why it is not practicable for it to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index.	_____	_____	_____
	(3) expected dividends? An entity that uses a method that employs different dividend rates during the contractual term should disclose the range of expected dividends used and the weighted-average expected dividends.	_____	_____	_____
	(4) risk-free rate(s)? An entity that uses a method that employs different risk-free rates should disclose the range of risk-free rates used.	_____	_____	_____
	(5) discount for post-vesting restrictions and the method for estimating it?	_____	_____	_____
g.	An entity that grants equity or liability instruments under multiple share-based payment arrangements with employees should provide the information specified in questions 3(a)–(f) separately for different types of awards to the extent that the differences in the characteristics of the awards make separate disclosure important to an understanding of the entity's use of share-based compensation.	_____	_____	_____
h.	For each year for which an income statement is presented, both of the following:			
	i. Total compensation cost for share-based payment arrangements (including recognized in income as well as the total recognized tax benefit related thereto and capitalized as part of the cost of an asset)?	_____	_____	_____
	ii. A description of the significant modifications, including the terms of the modifications, the number of employees affected, and the total incremental compensation cost resulting from the modifications?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i. As of the latest balance sheet date presented, the total compensation cost related to nonvested awards not yet recognized and the weighted-average period over which it is expected to be recognized?	_____	_____	_____
j. If not separately disclosed elsewhere, the amount of cash received from exercise of share options and similar instruments granted under share-based payment arrangements and the tax benefit realized from stock options exercised during the annual period?	_____	_____	_____
k. If not separately disclosed elsewhere, the amount of cash used to settle equity instruments granted under share-based payment arrangements?	_____	_____	_____
l. Description of the entity's policy, if any, for issuing shares upon share option exercise (or share unit conversion), including the source of those shares (that is, new shares or treasury shares). If as a result of its policy, an entity expects to repurchase shares in the following annual period, the entity should disclose an estimate of the amount (or a range, if more appropriate) of shares to be repurchased during that period? [FASB ASC 718-10-50-2]	_____	_____	_____

Practice Tip

Question 3 indicates the minimum information needed to achieve those objectives and illustrate how the disclosure requirements might be satisfied. In some circumstances, an entity may need to disclose information beyond that listed to achieve the disclosure objectives.

[FASB ASC 718-10-50-2]

4. Has the entity disclosed the nature of any changes in their accounting policy for income tax benefits of dividends on share-based-payment awards resulting in the adoption of the requirements in FASB ASC 718-740-45-8 through FASB ASC 718-740-45-12? [FASB ASC 718-740-50-1]	_____	_____	_____
5. Have additional disclosures been made, as necessary, that would be useful to investors and creditors, such as a range of values calculated on the basis of different assumptions, provided that the supplemental information is reasonable and does not lessen the prominence and credibility of the information required by FASB ASC 718-10-50? [FASB ASC 718-10-50-4]	_____	_____	_____

W. Subsequent Events

Notes: In May 2009, FASB issued Statement No. 165, *Subsequent Events*, to establish principles and requirements for subsequent events. In particular, this statement sets forth

- a. the period after the balance sheet date during which management of a reporting entity should evaluate events or transac-

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
tions that may occur for potential recognition or disclosure in the financial statements.			
b. the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements.			
c. the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.			
This statement should be applied to the accounting for and disclosure of subsequent events not addressed in other applicable U.S. GAAP.			
This statement moved the type I and type II subsequent event guidance from GAAS into U.S. GAAP and added disclosures that an entity should make about events or transactions that occurred after the balance sheet date.			
This statement is effective for interim or annual financial periods ending after June 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends), and should be applied prospectively.			
This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 165.			
Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org .			
1. Has the entity disclosed (in both originally issued financial statements and any reissued financial statements) the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued? [FASB ASC 855-10-50-1; FASB ASC 855-10-50-4]	_____	_____	_____
2. For nonrecognized subsequent events that are of such a nature that they must be disclosed to keep the financial statements from being misleading, has the entity disclosed			
a. the nature of the event?	_____	_____	_____
b. an estimate of its financial effect, or a statement that such an estimate cannot be made? [FASB ASC 855-10-50-2]	_____	_____	_____
3. For nonrecognized subsequent events, has the entity considered supplementing the historical financial statements with pro forma financial data, including the presentation of pro forma statements (usually a balance sheet only, in columnar form on the face of the historical statements)? [FASB ASC 855-10-50-3]	_____	_____	_____

Yes No N/A

X. Accounting for Servicing of Financial Assets

Notes: In December 2008, FASB issued FSP FAS 140-4 and FIN 46(R)-8 to amend FASB Statement No. 140 and to require public entities to provide additional disclosures about transfers of financial assets. It also amends FASB Interpretation No. 46 (revised December 2003) to require public enterprises, including sponsors that have a variable interest in a VIE, to provide additional disclosures about their involvement with VIEs. Additionally, this FSP requires certain disclosures to be provided by a public enterprise that is (a) a sponsor of a QSPE that holds a variable interest in the QSPE but was not the transferor (nontransferor) of financial assets to the QSPE and (b) a servicer of a QSPE that holds a significant variable interest in the QSPE but was not the transferor (nontransferor) of financial assets to the QSPE. The disclosures required by this FSP are intended to provide greater transparency to financial statement users about a transferor's continuing involvement with transferred financial assets and an enterprise's involvement with VIEs and QSPEs.

This FSP applies to public entities that are subject to the disclosure requirements of FASB Statement No. 140 and public enterprises that are subject to the disclosure requirements of FASB Interpretation No. 46(R) as amended by this FSP.

This FSP is effective for the first reporting period (interim or annual) ending after December 15, 2008 (that is, December 31, 2008, for entities with calendar year-ends), with earlier application encouraged. This FSP applies to each annual and interim reporting period thereafter. An entity (enterprise) is encouraged, but not required, to disclose comparative information in periods earlier than the effective date for disclosures that were not previously required for public entities (enterprises) by FASB Statement No. 140 and FASB Interpretation No. 46(R). In periods after initial adoption, comparative disclosures for those disclosures that were not previously required for public entities (enterprises) by FASB Statement No. 140 and FASB Interpretation No. 46(R) are required only for periods subsequent to the effective date.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 140-4 and FIN 46(R)-8.

Readers can refer to the full text of the FSP on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 860-10-65-2.

Readers should be aware that this FSP was superseded by FASB Statement No. 166 and FASB Statement No. 167. Both FASB Statement No. 167 and FASB Statement No. 166 are effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009 (that is, January 1, 2010, for entities with calendar year-ends), for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited.

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
This checklist has not been updated to include the presentation and disclosure requirements of FASB Statement No. 166 nor FASB Statement No. 167.			
Readers can refer to the full texts of these statements on the FASB Web site at www.fasb.org .			

Practice Tip

(Issuers Only) The principal objectives of the public-entity disclosure requirements of FASB ASC 860-10-50 are to provide financial statement users with an understanding of all of the following:

- A transferor's continuing involvement with financial assets that it has transferred in a securitization or asset-backed financing arrangement
- The nature of any restrictions on assets reported by an entity in its statement of financial position that relate to a transferred financial asset, including the carrying amounts of such assets
- How servicing assets and servicing liabilities are reported under FASB ASC 860-50
- For securitization or asset-backed financing arrangements accounted for as sales if a transferor has continuing involvement with the transferred financial assets and transfers of financial assets accounted for as secured borrowings, how the transfer of financial assets affects an entity's financial position, financial performance, and cash flows

The entity should consider these objectives in providing the required public-entity disclosures required by FASB ASC 860. The disclosures should be presented in a manner that clearly and fully explains to financial statements users the risks related to the transferred financial assets and any restrictions on the assets of the entity.

Public-entity disclosures required by FASB ASC 860 may be reported in the aggregate for similar transfers if separate reporting of each transfer would not provide more useful information to financial statement users. A transferor should distinguish between transfers that are accounted for as secured borrowings and transfers that are accounted for as sales. A transferor should further distinguish between transfers to QSPE accounted for as sales and all other transfers accounted for as sales. In determining whether to aggregate the disclosures for multiple transfers, the reporting entity should consider quantitative and qualitative information about the characteristics of the transferred financial assets.

The entity should determine, in light of the facts and circumstances, how much detail it must provide to satisfy the public-entity disclosure requirements of FASB ASC 860, how much emphasis it places on different aspects of the requirements, and how it aggregates information for assets with different risk characteristics. ["Pending Content" in FASB ASC 860-10-50 par. 2–6]

Collateral

- | | | | |
|---|-------|-------|-------|
| 1. (Nonissuers Only) Is the policy for requiring collateral or other security disclosed if the reporting entity has entered into repurchase agreements or securities lending transactions?
[FASB ASC 860-30-50-1] | _____ | _____ | _____ |
| 2. (Nonissuers Only) If the entity has pledged any of its assets as collateral that are not reclassified and separately reported in the statement of financial position pursuant to FASB ASC 860-30-25-5(a), is the carrying amount and classification of those assets as of the date of the latest statement of financial position presented?
[FASB ASC 860-30-50-1] | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. (Nonissuers Only) If the entity has accepted collateral that it is permitted by contract or custom to sell or repledge, is the fair value (as of the date of each statement of financial position presented) of that collateral and of the portion of that collateral that it has sold or repledged disclosed? [FASB ASC 860-30-50-1]	_____	_____	_____
4. If debt was considered to be extinguished by in-substance defeasance under the provisions of FASB Statement No. 76, <i>Extinguishment of Debt</i> , prior to the effective date of FASB Statement No. 125, <i>Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities</i> , do the disclosures include a general description of the transaction and the amount of debt that is considered extinguished at the end of the period so long as that debt remains outstanding? [FASB ASC 470-50-50-1]	_____	_____	_____
5. (Nonissuers Only) If the entity sets aside assets solely for the purpose of satisfying scheduled payments of a specific obligation, is disclosure made of the nature of restrictions placed on those assets? [“Pending Content” in FASB ASC 860-30-50-2]	_____	_____	_____
6. (Issuers Only) Has the following been disclosed regarding collateral:			
a. The policy for requiring collateral or other security disclosed if the reporting entity has entered into repurchase agreements or securities lending transactions?	_____	_____	_____
b. If the entity has pledged any assets as collateral, the carrying amount, and classification of those assets and associated liabilities as of the date of the latest statement of financial position presented, including qualitative information about the relationship(s) between those assets and associated liabilities?	_____	_____	_____
c. If the entity has accepted collateral that is permitted by contract or custom to sell or repledge, the following:			
i. The fair value, as of the date of each statement of financial position presented of that collateral?	_____	_____	_____
ii. The fair value, as of the date of each statement of financial position presented of the portion of that collateral that it has sold or repledged?	_____	_____	_____
iii. Information about the sources and uses of that collateral? [“Pending Content” in FASB ASC 860-30-50-4]	_____	_____	_____
7. If it is not practicable to estimate the fair value of certain assets obtained or liabilities incurred in transfers of financial assets during the period, are those items and the reasons why it is not practicable to estimate fair value described in the notes to the financial statements? [FASB ASC 860-10-50-1]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Servicing Assets and Servicing Liabilities</i>			
8. For all servicing assets and servicing liabilities, are the following disclosures made:			
a. Management's basis for determining its classes of servicing assets and servicing liabilities?	_____	_____	_____
b. A description of the risks inherent in servicing assets and servicing liabilities and, if applicable, the instruments used to mitigate the income statement effect of changes in fair value of the servicing assets and servicing liabilities? (Disclosure of quantitative information about the instruments used to manage the risks inherent in servicing assets and servicing liabilities, including the fair value of those instruments at the beginning and end of the period, is encouraged but not required.)	_____	_____	_____
c. The amount of contractually specified servicing fees (as defined in the FASB ASC glossary), late fees, and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income? [FASB ASC 860-50-50-2]	_____	_____	_____
9. For servicing assets and servicing liabilities subsequently measured at fair value, are the following disclosures made:			
a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:			
i. The beginning and ending balances?	_____	_____	_____
ii. Additions (through purchases of servicing assets, assumptions of servicing obligations, and servicing obligations that result from transfers of financial assets)?	_____	_____	_____
iii. Disposals?	_____	_____	_____
iv. Changes in the fair value during the period resulting from changes in valuation inputs or assumptions used in the valuation model?	_____	_____	_____
v. Changes in the fair value during the period resulting from other changes in fair value and a description of those changes?	_____	_____	_____
vi. Other changes that affect the balance and a description of those changes?	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
	<p><i>b.</i> A description of the valuation techniques or other methods used to estimate the fair value of servicing assets and servicing liabilities? If a valuation model is used, the description should include the methodology and model validation procedures, as well as quantitative and qualitative information about the assumptions used in the valuation model (for example, discount rates and prepayment speeds). (An entity that provides quantitative information about the instruments used to manage the risks inherent in the servicing assets and servicing liabilities, the entity is also encouraged, but not required, to disclose a description of the valuation techniques, as well as quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.) [FASB ASC 860-50-50-3]</p>	_____	_____	_____
10.	For servicing assets and servicing liabilities subsequently amortized in proportion to and over the period of estimated net servicing income or loss and assessed for impairment or increased obligation:			
	<p><i>a.</i> For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in the carrying amount are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:</p> <p>i. The beginning and ending balances?</p> <p>ii. Additions (through purchases of servicing assets, assumption of servicing obligations, and servicing obligations that result from transfers of financial assets)?</p> <p>iii. Disposals?</p> <p>iv. Amortization?</p> <p>v. Application of valuation allowance to adjust carrying value of servicing assets?</p> <p>vi. Other-than-temporary impairments?</p> <p>vii. Other changes that affect the balance and a description of those changes?</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
	<p><i>b.</i> For each class of servicing assets and servicing liabilities, the fair value of recognized servicing assets and servicing liabilities at the beginning and end of the period if it is practicable to estimate the value?</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. A description of the valuation techniques or other methods used to estimate fair value of the servicing assets and servicing liabilities? If a valuation model is used, the description should include the methodology and model validation procedures, as well as quantitative and qualitative information about the assumptions used in the valuation model (for example, discount rates and prepayment speeds). (An entity that provides quantitative information about the instrument used to manage the risks inherent in the servicing assets and servicing liabilities, the entity is also encouraged, but not required, to disclose a description of the valuation techniques as well as quantitative and qualitative information about the assumptions used to estimate the fair value of those instruments.)	_____	_____	_____
d. The risk characteristics of the underlying financial assets used to stratify recognized servicing assets for purposes of measuring impairment in accordance with FASB ASC 860-50-35-9?	_____	_____	_____
e. The activity by class in any valuation allowance for impairment of recognized servicing assets—including beginning and ending balances, aggregate additions charged and recoveries credited to operations, and aggregate write-downs charged against the allowance—for each period for which results of operations are presented? [FASB ASC 860-50-50-4]	_____	_____	_____

Practice Tip

The entity should report recognized servicing assets and servicing liabilities that are subsequently measured using the fair value measurement method in a manner that separates those carrying amounts on the face of the statement of financial position from the carrying amounts for separately recognized servicing assets and servicing liabilities that are subsequently measured using the amortization method.

To accomplish that separate reporting, the entity may do either of the following:

- Display separate line items for the amounts that are subsequently measured using the fair value measurement method and amounts that are subsequently measured using the amortization method
- Present the aggregate of those amounts that are subsequently measured at fair value and those amounts that are subsequently measured using the amortization method and disclose parenthetically the amount that is subsequently measured at fair value that is included in the aggregate amount

[FASB ASC 860-50-45 par. 1–2]

11. If the entity (public or nonpublic) has elected, under FASB ASC 860-50-35-3(d), to subsequently measure a class of servicing assets and servicing liabilities at fair value at the beginning of the fiscal year, has the amount of the cumulative-effect adjustment to retained earnings been separately disclosed?
[FASB ASC 860-50-50-5]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
12. (Issuers Only) Have the following disclosures been made for all servicing assets and servicing liabilities:			
a. Management's basis for determining its classes of servicing assets and servicing liabilities?	_____	_____	_____
b. A description of the risks inherent in servicing assets and servicing liabilities?	_____	_____	_____
c. If applicable, a description of the instruments used to mitigate the income statement effect of changes in fair value of the servicing assets and servicing liabilities?	_____	_____	_____
d. The amount of contractually specified servicing fees, late fees, and ancillary fees earned for each period for which results of operations are presented, including a description of where each amount is reported in the statement of income?	_____	_____	_____
e. Quantitative and qualitative information about the assumptions used to estimate the fair value? ["Pending Content" in FASB ASC 860-50-50-7]	_____	_____	_____
13. (Issuers Only) Have the following disclosures been made for all servicing assets and servicing liabilities subsequently measured at fair value:			
a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in fair value are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, all of the following:			
i. The beginning and ending balances?	_____	_____	_____
ii. Additions (through purchases of servicing assets, assumption of servicing obligations, and servicing obligations that result from transfers of financial assets)?	_____	_____	_____
iii. Disposals?	_____	_____	_____
iv. Changes in fair value during the period resulting from (1) changes in valuation inputs or assumptions used in the valuation models and (2) other changes in fair value and a description of those changes?	_____	_____	_____
v. Other changes that affect the balance and a description of those changes? ["Pending Content" in FASB ASC 860-50-50-8]	_____	_____	_____
14. (Issuers Only) Have the following disclosures been made for all servicing assets and servicing liabilities subsequently amortized in proportion to and over the period of estimated net servicing income or loss:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. For each class of servicing assets and servicing liabilities, the activity in the balance of servicing assets and the activity in the balance of servicing liabilities (including a description of where changes in the carrying amount are reported in the statement of income for each period for which results of operations are presented), including, but not limited to, the following:			
i. The beginning and ending balances?	_____	_____	_____
ii. Additions (through purchases of servicing assets, assumption of servicing obligations, and servicing obligations that result from transfers of financial assets)?	_____	_____	_____
iii. Disposals?	_____	_____	_____
iv. Amortization?	_____	_____	_____
v. Application of valuation allowance to adjust carrying value of servicing assets?	_____	_____	_____
vi. Other-than-temporary impairments?	_____	_____	_____
vii. Other changes that affect the balance and a description of those changes?	_____	_____	_____
b. For each class of servicing assets and servicing liabilities, the fair value of recognized servicing assets and servicing liabilities at the beginning and end of the period if it is practicable to estimate the value?	_____	_____	_____
c. The risk characteristics of the underlying financial assets used to stratify recognized servicing assets for purposes of measuring impairment in accordance with the guidance in paragraphs 9–14 of FASB ASC 860-50-35?	_____	_____	_____
d. For each period for which results of operations are presented, the activity by class in any valuation allowance for impairment of recognized servicing assets, including (a) beginning and ending balances, (b) aggregate additions charged and recoveries credited to operations, and (c) aggregate write-downs charged against the allowance? [“Pending Content” in FASB ASC 860-50-50-9]	_____	_____	_____

Securitized Financial Assets Accounted for as a Sale

15. If the entity has securitized financial assets during any period presented and accounts for that transfer as a sale, are the following items disclosed for each major asset type (for example, mortgage loans, credit card receivables, and automobile loans):
- a. Its accounting policies for initially measuring the interests that continue to be held by the transferor, if any, and servicing assets or servicing liabilities, if any, including the methodology (whether quoted market price, prices based on sales of similar assets and liabilities, or prices based on valuation techniques) used in determining their fair value?

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The characteristics of securitizations (a description of the transferor's continuing involvement with the transferred assets, including, but not limited to, servicing, recourse, and restrictions on interests that continue to be held by the transferor) and the gain or loss from sale of financial assets in securitizations?	_____	_____	_____

Practice Tip

With regard to question 15(c) following, if an entity has made multiple securitizations of the same major asset type during a period, it may disclose the range of assumptions.
[FASB ASC 860-20-50-3]

c. The key assumptions used in measuring the fair value of interests that continue to be held by the transferor and servicing assets or servicing liabilities, if any, at the time of securitization (including, at a minimum, quantitative information about discount rates, expected prepayments including the expected weighted-average life of prepayable financial assets, and anticipated credit losses, if applicable)?	_____	_____	_____
d. Cash flows between the securitization special purpose entity and the transferor, unless reported separately elsewhere in the financial statements or notes (including proceeds from new securitizations, proceeds from collections reinvested in revolving-period securitizations, purchases of delinquent or foreclosed loans, servicing fees, and cash flows received on interests that continue to be held by the transferor)? [FASB ASC 860-20-50-3]	_____	_____	_____
16. (Issuers Only) Has the entity disclosed, for each income statement presented, the following related to securitization or asset-backed financing arrangements accounted for as sales:			
a. Its accounting policies for subsequently measuring those interests, if any?	_____	_____	_____
b. The characteristics of the transfer including a description of the transferor's continuing involvement with the transferred financial assets and the gain or loss from the sale of transferred assets?	_____	_____	_____
c. Cash flows between a transferee and the transferor, including proceeds from new transfers, proceeds from collections reinvested in revolving-period transfers, purchases of previously transferred financial assets, servicing fees, and cash flows received on interests that continue to be held by the transferor? ["Pending Content" in FASB ASC 860-20-50-8]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<i>Interests in Financial Assets That Continue to Be Held by the Transferor</i>			
17. If the entity has interest that continues to be held by the transferor in financial assets that it has securitized or servicing assets or servicing liabilities relating to assets that it has securitized, at the date of the latest statement of financial position presented, are the following items disclosed for each major asset type (for example, mortgage loans, credit card receivables, and automobile loans):			
a. Its accounting policies for subsequently measuring those interests, including the methodology (whether quoted market price, prices based on sales of similar assets and liabilities, or prices based on valuation techniques) used in determining their fair value?	_____	_____	_____
b. The key assumptions used in subsequently measuring the fair value of those interests (including, at a minimum, quantitative information about discount rates, expected prepayments including the expected weighted-average life of prepayable financial assets, and anticipated credit losses, including expected static pool losses, if applicable)?	_____	_____	_____
c. A sensitivity analysis or stress test showing the hypothetical effect on the fair value of those interests (including any servicing assets or servicing liabilities) of two or more unfavorable variations from the expected levels for each key assumption that is reported under item (b) independently from any change in another key assumption, and a description of the objectives, methodology, and limitations of the sensitivity analysis or stress test?	_____	_____	_____

Practice Tip

With regard to question 17(d) following, this question excludes securitized assets that an entity continues to service but with which it has no other continuing involvement.

[FASB ASC 860-20-50-4]

d. For the securitized assets and any other financial assets that it manages together with them,			
i. the total principal amount outstanding, the portion that has been derecognized, and the portion that continues to be recognized in each category reported in the statement of financial position, at the end of the period?	_____	_____	_____
ii. delinquencies at the end of the period?	_____	_____	_____
iii. credit losses, net of recoveries, during the period? [FASB ASC 860-20-50-4]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
18. (Issuers Only) Have the following disclosures been made, in each statement of financial position presented, related to securitization or asset-backed financing arrangements accounted for sales if the transferor has continuing involvement:			
<i>a.</i> Qualitative and quantitative information about the transferor's continuing involvement with transferred financial assets that provides financial statement users with sufficient information to assess the reasons for the continuing involvement and the risks related to the transferred financial assets to which the transferor continues to be exposed after the transfer and the extent that the transferor's risk profile has changed as a result of the transfer (including, but not limited to, credit risk, interest rate risk, and other risks), including the following:			
<i>i.</i> The nature, purpose, size, and activities of special-purpose entities used to facilitate a transfer of financial assets, if applicable, including how the special-purpose entities are financed?	_____	_____	_____
<i>ii.</i> The total principal amount outstanding, the portion that has been derecognized, and the portion that continues to be recognized in each category reported in the statement of financial position, at the end of the period?	_____	_____	_____
<i>iii.</i> The terms of any arrangements that could require the transferor to provide financial support (for example, liquidity arrangements and obligations to purchase assets) to the transferee or its beneficial interest holders, including a description of any events or circumstances that could expose the transferor to loss. All available evidence should be considered, including, but not limited to all of the following: (1) explicit written arrangements, (2) communications between the transferor and the transferee or its beneficial interest holders, and (3) unwritten arrangements customary to similar transfers?	_____	_____	_____
<i>iv.</i> Whether the transferor has provided financial or other support during the periods presented that it was not previously contractually required to provide to the transferee or its beneficial interest holders, including—when the transferor assisted the transferee or its beneficial interest holders in obtaining support—both the type and amount of support and the primary reasons for the support?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Practice Tip			
<i>(Issuers Only)</i> The entity also is encouraged to disclose information about any liquidity arrangements, guarantees, or other commitments by third parties related to the transferred financial assets that may affect the fair value or risk of interest that continues to be held by the transferor. [“Pending Content” in FASB ASC 860-20-50-9]			

- | | | | | |
|----|--|-------|-------|-------|
| b. | The accounting policies for subsequently measuring assets or liabilities that relate to the continuing involvement? | _____ | _____ | _____ |
| c. | The key inputs and assumptions used in measuring the fair value of assets or liabilities that relate to the transferor’s continuing involvement including, at a minimum, (1) quantitative information about discount rates, (2) expected prepayments, including the expected weighted-average life of prepayable financial assets, and (3) anticipated credit losses, including expected static pool losses? | _____ | _____ | _____ |

Practice Tip			
<i>(Issuers Only)</i> If the entity has aggregated multiple transfers during a period in accordance, it may disclose the range of assumptions for each aggregated group provided it does not obscure important information. [“Pending Content” in FASB ASC 860-20-50-9]			

- | | | | | |
|-----|---|-------|-------|-------|
| d. | For interests that continue to be held by the transferor in financial assets, both of the following: | | | |
| i. | A sensitivity analysis or stress test showing the hypothetical effect on the fair value of those interests, including any servicing assets or servicing liabilities, of two or more unfavorable variations from the expected levels for each key assumption that is reported under item (c), independently from any change in another key assumption? | _____ | _____ | _____ |
| ii. | A description of the objectives, methodology, and limitations of the sensitivity analysis or stress test? | _____ | _____ | _____ |

Practice Tip			
<i>(Issuers Only)</i> The information in question 18(e) following should be separated between assets that have been derecognized and assets that continue to be recognized in the statement of financial position. This information is intended to provide financial statement users with an understanding of the risks inherent in the transferred financial assets as well as in other financial assets and liabilities that it manages together with transferred financial assets. In determining the information that should be disclosed, an entity should consider other U.S. GAAP disclosure requirements applicable to the transferred financial asset. [“Pending Content” in FASB ASC 860-20-50-9]			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. Information about the asset quality of transferred financial assets and any other financial assets that it manages together with them. [“Pending Content” in FASB ASC 860-20-50-9]	_____	_____	_____
Y. Troubled Debt Restructurings—Creditors			
1. Is the amount of commitments, if any, to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructurings disclosed either in the body of the financial statements or in the notes thereto as of the date of each balance sheet presented? [FASB ASC 310-40-50-1]	_____	_____	_____

Practice Tip

For Restructurings in Fiscal Years Beginning Before December 16, 1994. Per “Pending Content” in FASB ASC 105-10-70-2(d), an entity may continue to account for “grandfathered” loans (restructured in a troubled debt restructuring before the effective date of FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*, described in paragraph 24 of FASB Statement No. 118, *Accounting by Creditors for Impairment of a Loan—Income Recognition and Disclosures*) in accordance with the provisions of FASB Statement No. 15 prior to its amendment by FASB Statement No. 118.

For Restructurings in Fiscal Years Beginning Before December 16, 1994

2. For outstanding “grandfathered” receivables whose terms have been modified in troubled debt restructurings, are the following disclosed by major category either in the body of the financial statements or the notes thereto as of the date of each balance sheet presented:			
a. The aggregate recorded investment?	_____	_____	_____
b. The gross interest income that would have been recorded in the period then ended if those receivables had been current in accordance with their original terms and had been outstanding throughout the period or since origination?	_____	_____	_____
c. The amount of interest income on those receivables that was included in net income for the period? [SFAS 15 par. 40a]	_____	_____	_____

(See part H, “Financial Instruments,” and part L, “Impaired Loans,” for possible additional disclosure requirements.)

Z. Troubled Debt Restructurings—Debtors			
1. For a troubled debt restructuring occurring during the current period, do disclosures include			
a. a description of the principal changes in terms, the major features of settlement, or both?	_____	_____	_____
b. aggregate gain on restructuring of payables?	_____	_____	_____
c. aggregate net gain or loss on transfers of assets recognized during the period?	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. per-share amount of the aggregate gain on restructuring of payables? [FASB ASC 470-60-50-1]	_____	_____	_____
2. For periods after a troubled debt restructuring, do disclosures include			
a. the extent to which amounts contingently payable are included in the carrying amount of restructured payables pursuant to the provisions of FASB ASC 470-60-35-7?	_____	_____	_____
b. if required by paragraphs 1–6 and 9–10 of FASB ASC 450-20-50, total amounts contingently payable on restructured payables and conditions under which those amounts would become payable or forgiven? [FASB ASC 470-60-50-2]	_____	_____	_____

Practice Tip

A troubled debt restructuring of a short term obligation after the date of a debtor's balance sheet but before that balance sheet is issued or is available to be issued may affect the classification of that obligation in accordance with FASB ASC 470-10.

[FASB ASC 470-60-45-2A]

AA. Asset Retirement Obligations

1. Does the entity disclose the following information about its asset retirement obligations:			
a. A general description of the asset retirement obligations and the associated long-lived assets?	_____	_____	_____
b. The fair value of assets that are legally restricted for purposes of settling asset retirement obligations?	_____	_____	_____
c. A reconciliation of the beginning and ending aggregate carrying amount of asset retirement obligations showing separately the changes attributable to (1) liabilities incurred in the current period, (2) liabilities settled in the current period, (3) accretion expense, and (4) revisions in estimated cash flows, whenever there is a significant change in one or more of those four components during the reporting period? [FASB ASC 410-20-50-1]	_____	_____	_____
2. If the fair value of an asset retirement obligation cannot be reasonably estimated, is that fact and the reasons therefore disclosed? [FASB ASC 410-20-50-2]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Is, on a pro forma basis, in the footnotes to the financial statements, for the beginning of the earliest period presented and at the end of all periods presented during the year of adoption, the amount of liability for asset retirement obligations as if FASB ASC 410-20 had been applied during all periods affected presented? (These pro forma amounts should be measured using the information, assumptions, and interest rates used to measure the obligation recognized upon adoption of the provisions of FASB ASC 410-20.) [FASB ASC 410-20]	<u> </u>	<u> </u>	<u> </u>

Practice Tip

For environmental asset retirement obligations under the requirements of FASB ASC 410-30, see part G, "Environmental Remediation Liabilities," in the "Other Financial Statement Disclosures" section of this checklist.

BB. Fair Value Measurements

Notes: In February 2007, FASB issued Statement No. 159, primarily codified in FASB ASC 825, which was effective for financial statements issued for fiscal years beginning after November 15, 2007.

This statement applies to all entities, including not-for-profit entities. Most of the provisions of this statement apply only to entities that elect the fair value option. However, the amendment to FASB Statement No. 115 applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income.

The statement permits an organization to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities on a contract-by-contract basis, with changes in fair value recognized in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. The provisions of this statement need not be applied to immaterial items.

In September 2006, FASB issued Statement No. 157, codified in FASB ASC 820, *Fair Value Measurements and Disclosures*, which was effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. However, FSP FAS 157-2, *Effective Date of FASB Statement No. 157*, delayed the effective date of FASB Statement No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends), and interim periods within those fiscal years for items within the scope of this FSP. This FSP does not apply to entities that have issued interim or annual financial statements that include the application of the measurement and disclosure provisions of FASB Statement No. 157.

(continued)

Yes No N/A

FASB Statement No. 157 establishes a single definition of *fair value* and a framework for measuring fair value in U.S. GAAP and also expands disclosures about fair value measurements. The statement applies under other accounting pronouncements that require or permit fair value measurements because FASB previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this statement does not require any new fair value measurements, but the application of it will change current practice. However, FSP FAS 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13*, established that FASB Statement No. 157 does not apply under FASB Statement No. 13, *Accounting for Leases*, and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under FASB Statement No. 13. This scope exception does not apply to assets acquired and liabilities assumed in a business combination that are required to be measured at fair value under FASB Statement No. 141 or FASB Statement No. 141(R), regardless of whether those assets and liabilities are related to leases.

FASB Statement No. 157 retains the exchange price notion already established within U.S. GAAP but clarifies, among other matters, that fair value is the price that would be received to sell the asset or paid to transfer the liability (that is, an exit price) and not the price that would be paid to acquire the asset or paid to transfer the liability (that is, an entry price). Additionally, the statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into 3 broad levels.

This checklist has been updated to include the presentation and disclosure requirements of FASB Statement No. 157 and FSP FAS 157-2.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

☐ A ☐ B

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

In September 2008, FASB issued EITF Issue No. 08-5, "Issuer's Accounting for Liabilities Measured at Fair Values with a Third-Party Credit
(continued)

YesNoN/A

Enhancement,” to determine an issuer’s unit of accounting for a liability issued with an inseparable third-party credit enhancement when it is measured or disclosed at fair value on a recurring basis and to amend the required disclosures. This issue applies to liabilities issued with an inseparable third-party credit enhancement (for example, debt that is issued with a contractual third-party guarantee) when they are measured or disclosed at fair value on a recurring basis.

This EITF issue states that the issuer of a liability with a third-party credit enhancement that is inseparable from the liability should not include the effect of the credit enhancement in the fair value measurement of the liability. For example, in determining the fair value of debt with a third-party guarantee, the issuer would consider its own credit standing and not that of the third-party guarantor. Further, this issue requires an issuer disclose the existence of a third-party credit enhancement on its issued liability that is within the scope of this issue.

This EITF issue is effective on a prospective basis in the first reporting period beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). The effect of initially applying the guidance in this Issue should be included in the change in fair value in the period of adoption. Earlier application is permitted.

The EITF reached a consensus that in the period of adoption an entity should disclose the valuation technique(s) used to measure the fair value of liabilities in the scope of this issue and include a discussion of changes, if any, from the valuation techniques used to measure those liabilities in prior periods.

This checklist has been updated to include the presentation and disclosure requirements of EITF Issue No. 08-5.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an “A” reference (for example, question 1A and question 2A) and should place an “N/A” mark in questions indicated with a “B” reference. Entities for which the guidance has been implemented should consider all questions indicated by a “B” reference (for example, question 1B and question 2B) and place an “N/A” mark by questions indicated with an “A” reference. Therefore, based upon your entity’s year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

☐A ☐B

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 820-10-65-3.

In April, 2009, FSP FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*, was released to pro-

(continued)

Yes No N/A

vide additional guidance for estimating fair value in accordance with FASB Statement No. 157 when the volume and level of activity for the asset or liability have significantly decreased and to provide guidance on identifying circumstances that indicate a transaction is not orderly. Further, this FSP superseded FSP FAS 157-3, *Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active*.

This FSP is effective for interim and annual reporting periods ending after June 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends), and should be applied prospectively. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 157-4.

Readers can refer to the full text of the FSP on the FASB Web site at www.fasb.org.

This guidance is labeled as "Pending Content" due to the transition and open effective date information discussed in FASB ASC 820-10-65-4.

In September 2009, FASB issued ASU No. 2009-012, *Fair Value Measurements and Disclosures*.

The amendments in this ASU apply to all reporting entities that hold an investment that is required or permitted to be measured or disclosed at fair value on a recurring or nonrecurring basis and, as of the reporting entity's measurement date, if the investment meets both of the following criteria:

1. The investment does not have a readily determinable fair value.
2. The investment is in an entity that has all of the attributes specified in FASB ASC 946-10-15-2 (those attributes include investment activity, unit ownership, pooling of funds, and reporting entity) or, if one or more of the attributes in FASB ASC 946-10-15-2 are not present, is an entity for which it is industry practice to issue financial statements using guidance that is consistent with the measurement principles in FASB ASC 946.

This ASU provides amendments to FASB ASC 820 for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent). Further, this ASU requires disclosures by major category of investment about the attributes of investments within the scope of the amendments in the update.

The amendments in this ASU are effective for interim and annual periods ending after December 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends). Early application is permitted in financial statements for earlier interim and annual periods what have not been issued. (If an entity elects to early adopt ASU No. 2009-012, the

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
entity is permitted to defer the adoption of the disclosure provisions of FASB 820-10-50-6A until periods ending after December 15, 2009.			
This checklist has been updated to include the presentation and disclosure requirements of ASU No. 2009-012.			
As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an "A" reference (for example, question 1A and question 2A) and should place an "N/A" mark in questions indicated with a "B" reference. Entities for which the guidance has been implemented should consider all questions indicated by a "B" reference (for example, question 1B and question 2B) and place an "N/A" mark by questions indicated with an "A" reference. Therefore, based upon your entity's year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity): <input type="checkbox"/> A <input type="checkbox"/> B			
Readers can refer to the full text of the ASU on the FASB Web site at www.fasb.org .			

Practice Tips

With regards to question 1, for equity and debt securities *major category* is defined as *major security type* as described in FASB ASC 942-320-50-2, even if the equity securities or debt securities are not within the scope of FASB ASC 942-320.

["Pending Content" in FASB ASC 820-10-50-2]

(ASU 2009-012) With regards to question 1, for equity and debt securities *major category* is defined as *major security type* as described in FASB ASC 320-10-50-1B, even if the equity securities or debt securities are not within the scope of FASB ASC 320-10 and, for a reporting entity within the scope of FASB ASC 942, as described in FASB ASC 942-320-50-2.

["Pending Content" in FASB ASC 820-10-50-2]

1. For assets and liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition (for example, trading securities), the reporting entity should disclose information that enables users of its financial statements to assess the inputs used to develop those measurements and for recurring fair value measurements using significant unobservable inputs (level 3), the effect of the measurements on earnings (or changes in net assets) for the period. To meet that objective, the reporting entity should disclose the following information for each interim and annual period (except as otherwise specified) separately for each major category of assets and liabilities:

a. The fair value measurements at the reporting date? _____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (level 1), significant other observable inputs (level 2), and significant unobservable inputs (level 3)?	_____	_____	_____
c. For fair value measurements using significant unobservable inputs (level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following (may be presented net):			
i. Total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings (or changes in net assets), and a description of where those gains or losses included in earnings (or changes in net assets) are reported in the statement of income (or activities)?	_____	_____	_____
ii. Purchases, sales, issuances, and settlements (net)?	_____	_____	_____
iii. Transfers in and out, or both, of level 3 (for example, transfers due to changes in the observability of significant inputs)?	_____	_____	_____
d. The amount of the total gains or losses for the period in question 1(c)(1) included in earnings (or changes in net assets) that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date and a description of where those unrealized gains or losses are reported in the statement of income (or activities)?	_____	_____	_____
e. The inputs and valuation technique(s) used to measure fair value and a discussion of changes in valuation techniques and related inputs, if any, during the period? [FASB ASC 820-10-50 par. 1 and 3; "Pending Content" in FASB ASC 820-10-50-2]	_____	_____	_____

Practice Tip

(EITF Issue No. 08-05) With regards to question 2B following, FASB ASC 820-10-35-18A states that, for the issuer, the unit of accounting for a liability measured or disclosed at fair value does not include the third-party credit enhancement.

["Pending Content" in FASB ASC 820-10-50-4A]

- 2B. **(EITF Issue No. 08-05)** For a liability having the characteristics set forth in FASB ASC 820-10-25-1, has the entity disclosed the existence of a third-party credit enhancement on its issued liability, if such an enhancement exists?
["Pending Content" in FASB ASC 820-10-50-4A]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Are the quantitative disclosures required by FASB ASC 820-10-50 presented using a tabular format? [FASB ASC 820-10-50-8]	_____	_____	_____
4A. If the entity has not voluntarily applied the guidance of FASB ASC 820 in interim or annual financial statements to the non-financial assets and nonfinancial liabilities as discussed in FASB ASC 820-10-15-1A, have disclosures been made (a) that the entity has not applied the guidance of FASB ASC 820 to such nonfinancial assets and nonfinancial liabilities and (b) to detail each major category of assets and liabilities that are recognized or disclosed at fair value for which the entity has not voluntarily applied the guidance in FASB ASC 820? [FASB ASC 820-10-50-8A]	_____	_____	_____
4B. (FSP FAS 157-2) [Not used. The item preceding has been removed due to the effective date of FSP FAS 157-2.]			
5. Is the fair value information disclosed under FASB ASC 820-10-50 and the fair value information disclosed as required by other FASB ASC topics (for example, FASB ASC 825-10-50) combined in the periods in which those disclosures are required, if practicable? (<i>Encouraged, but not required.</i>) [FASB ASC 820-10-50-9]	_____	_____	_____
6. Is information about other similar measurements (for example, inventories measured at market value under FASB ASC 330, <i>Inventory</i>) disclosed, if practicable? (<i>Encouraged, but not required.</i>) [FASB ASC 820-10-50-9]	_____	_____	_____
7. If the organization reports assets and liabilities at fair value pursuant to the fair value option in FASB ASC 825, has it either (a) presented the aggregate of fair value and non-fair-value amounts in the same line item in the statement of financial position and parenthetically disclosed the amount measured at fair value included in the aggregate amount or (b) presented 2 separate line items to display the fair value and non-fair-value carrying amounts of similar assets and liabilities? [FASB ASC 825-10-45 par. 1–2]	_____	_____	_____

Practice Tip

The principal objectives of the disclosures required by paragraphs 28–32 of FASB ASC 825-10-50 (questions 8–11 following) are to facilitate (a) comparisons between entities that choose different measurement attributes for similar assets and liabilities and (b) comparisons between assets and liabilities in the financial statements of an entity that selects different measurement attributes for similar assets and liabilities.

The disclosure requirements are expected to result in the following:

- Information to enable users of its financial statements to understand management's reasons for electing or partially electing the fair value option
 - Information to enable users to understand how changes in fair values affect earnings for the period
- (continued)*
-

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<ul style="list-style-type: none"> • The same information about certain items (such as equity investments and nonperforming loans) that would have been disclosed if the fair value option had not been elected • Information to enable users to understand the differences between fair values and contractual cash flows for certain items 			

To meet those objectives, the disclosures described in questions 8–11 are required for items measured at fair value under the option in FASB ASC 825-10 and the fair value option for hybrid instruments in FASB ASC 815-15-25-4. Those disclosures are not required for securities classified as trading securities under FASB ASC 320, life settlement contracts measured at fair value pursuant to FASB ASC 325-30, or servicing rights measured at fair value pursuant to FASB ASC 860-50. Guidance therein includes disclosure requirements not affected by FASB ASC 825-10.

Entities should provide the disclosures in questions 8–11 in both interim and annual financial statements. These disclosure requirements do not eliminate disclosure requirements otherwise required by U.S. GAAP, including other disclosure requirements relating to fair value measurement. Entities are encouraged but are not required to present the disclosures required by FASB ASC 825-10 in combination with related fair value information required to be disclosed by other FASB ASC topics.

[FASB ASC 825-10-50 par. 24–27]

8.	As of each date for which a statement of financial position is presented, has the organization disclosed the following information about items measured at fair value under the option in FASB ASC 825:			
a.	Management's reasons for electing a fair value option for each eligible item or group of similar eligible items?	_____	_____	_____
b.	The following information if the fair value option is elected for some but not all eligible items within a group of similar eligible items:			
i.	A description of those similar items and the reasons for partial election?	_____	_____	_____
ii.	Information to enable users to understand how the group of similar items relates to individual line items on the statement of financial position?	_____	_____	_____
c.	The following information for each line item in the statement of financial position that includes an item or items for which the fair value option has been elected:			
i.	Information to enable users to understand how each line item in the statement of financial position relates to major categories of assets and liabilities presented in accordance with the fair value disclosure requirements in FASB ASC 820?	_____	_____	_____
ii.	The aggregate carrying amount of items included in each line item in the statement of financial position that are not eligible for the fair value option, if any?	_____	_____	_____
d.	The difference between the aggregate fair value and the aggregate unpaid principal balance of			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i. Loans and long term receivables (other than securities subject to FASB ASC 320) that have contractual principal amounts and for which the fair value option has been elected?	_____	_____	_____
ii. Long term debt instruments that have contractual principal amounts and for which the fair value option has been elected?	_____	_____	_____
e. For loans held as assets for which the fair value option has been elected			
i. The aggregate fair value of loans that are 90 days or more past due?	_____	_____	_____
ii. If the entity's policy is to recognize interest income separately from other changes in fair value, the aggregate fair value of loans in nonaccrual status?	_____	_____	_____
iii. The difference between the aggregate fair value and the aggregate unpaid principal balance for loans that are 90 days or more past due, in nonaccrual status, or both?	_____	_____	_____
f. The information required by FASB ASC 323-10-50-3 (equity method and joint venture investments) for investments that would have been accounted for under the equity method if the entity had not chosen to apply the fair value option? [FASB ASC 825-10-50-28]	_____	_____	_____

Practice Tip

Per FASB ASC 825-10-50-29, the disclosure in FASB ASC 825-10-50-28(f), question 8 applies to investments in common stock, investments in in-substance common stock, and other investments (for example, partnerships and certain limited liability corporations) that both

1. would otherwise be required to be accounted for under the equity method under other U.S. GAAP, and
2. would be required to satisfy the disclosure requirements of FASB ASC 323-10-50-3.

When applying this item, an entity should apply the guidance from paragraphs 2 and 3(a)–(c) of FASB ASC 323-10-50.

[FASB ASC 825-10-50-29]

9. As of each period for which an interim or annual income statement is presented, has the entity disclosed the following information about items measured at fair value under the option in FASB ASC 825:

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
a.	For each line item in the statement of financial position, the amounts of gains and losses from fair value changes during the period included in earnings and in an intermediate measure of operations, if one is presented, and in which line in the income statement those gains and losses are reported? (An entity may meet this requirement by disclosing amounts of gains and losses that include amounts of gains and losses for other items measured at fair value, such as items required to be measured at fair value.)	_____	_____	_____
b.	A description of how interest and dividends are measured and where they are reported in the income statement?	_____	_____	_____
c.	For loans and other receivables held as assets, (1) the estimated amount of gains or losses included in earnings during the period attributable to changes in instrument-specific credit risk and (2) how the gains or losses attributable to changes in instrument-specific credit risk were determined?	_____	_____	_____
d.	For liabilities with fair values that have been significantly affected during the reporting period by changes in the instrument-specific credit risk, (1) the estimated amount of gains and losses from fair value changes included in earnings that are attributable to changes in the instrument-specific credit risk, (2) qualitative information about the reasons for those changes, and (3) how the gains and losses attributable to changes in instrument-specific credit risk were determined? [FASB ASC 825-10-50-30]	_____	_____	_____
10.	In its annual period only, has the entity disclosed the methods and significant assumptions used to estimate the fair value of items for which the fair value option has been elected? [FASB ASC 825-10-50-31]	_____	_____	_____
11.	If an entity elects the fair value option at a remeasurement event, has it disclosed the following for the period of the election:			
a.	Qualitative information about the nature of the event?	_____	_____	_____
b.	Quantitative information by line item in the statement of financial position indicating which line items in the income statement include the effect of initially electing the fair value option for an item? [FASB ASC 825-10-50-32]	_____	_____	_____

Yes No N/A

Practice Tip

(ASU No. 2009-012) ASU No. 2009-012 changes the definition of *major category*, as used in the questions 12–13 following, to be defined as a major security type as described in FASB ASC 320-15-50-1B, even if the equity securities or debt securities are not within the scope of FASB ASC 320-10 and, for a reporting entity within the scope of FASB ASC 942, *Financial Services—Depository and Lending*, as described in FASB ASC 942-320-50-2.

["Pending Content" in FASB ASC 820-10-50-2; "Pending Content" in FASB ASC 820-10-50-5]

12. For assets and liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition (for example, trading securities), the reporting entity should disclose information that enables users of its financial statements to assess the inputs used to develop those measurements and for recurring fair value measurements using significant unobservable inputs (level 3), the effect of the measurements on earnings (or changes in net assets) for the period. To meet that objective, the reporting entity should disclose the following information for each interim and annual period (except as otherwise specified) separately for each major category of assets and liabilities:

- | | | | | |
|------|---|-------|-------|-------|
| a. | The fair value measurements at the reporting date? | _____ | _____ | _____ |
| b. | The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (level 1), significant other observable inputs (level 2), and significant unobservable inputs (level 3)? | _____ | _____ | _____ |
| c. | For fair value measurements using significant unobservable inputs (level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following (may be presented net): | | | |
| i. | Total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings (or changes in net assets), and a description of where those gains or losses included in earnings (or changes in net assets) are reported in the statement of income (or activities)? | _____ | _____ | _____ |
| ii. | Purchases, sales, issuances, and settlements (net)? | _____ | _____ | _____ |
| iii. | Transfers in and out, or both, of level 3 (for example, transfers due to changes in the observability of significant inputs)? | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. The amount of the total gains or losses for the period in question 12(c)(1) included in earnings (or changes in net assets) that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date and a description of where those unrealized gains or losses are reported in the statement of income (or activities)?	_____	_____	_____
e. The inputs and valuation technique(s) used to measure fair value and a discussion of changes in valuation techniques, if any, during the period? [“Pending Content” in FASB ASC 820-10-50-2; FASB ASC 820-10-50-3]	_____	_____	_____
For assets and liabilities that are measured at fair value on a nonrecurring basis in periods subsequent to initial recognition (for example, impaired assets), the reporting entity should disclose information that enables users of its financial statements to assess the inputs used to develop those measurements? To meet that objective, the reporting entity should disclose the following information for each interim and annual period (except as otherwise specified) separately for each major category of assets and liabilities:			
a. The fair value measurements recorded during the period and the reasons for the measurements?	_____	_____	_____
b. The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (level 1), significant other observable inputs (level 2), and significant unobservable inputs (level 3)?	_____	_____	_____
c. For fair value measurements using significant unobservable inputs (level 3), a description of the inputs and the information used to develop the inputs?	_____	_____	_____
d. The inputs and valuation technique(s) used to measure fair value and a discussion of changes, if any, in the valuation technique(s) used to measure similar assets and/or liabilities in prior periods? [“Pending Content” in FASB ASC 820-10-50-5]	_____	_____	_____
14B. (ASU No. 2009-012) For investments that are within the scope of paragraphs 4–5 of FASB ASC 820-10-15 and that are measured at fair value (on a recurring or nonrecurring basis), has the entity disclosed information that enables that users of its financial statements to understand the nature and risks of the investments and whether the investments are probable of being sold at amounts different from net asset value (or its equivalent)? (See FASB ASC 820-10-50-6A for example disclosures.) [“Pending Content” in FASB ASC 820-10-50-6A]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
15B. (<i>EITF Issue No. 08-5</i>) For a liability having the characteristics set forth in FASB ASC 820-10-25-1, has the entity disclosed the existence of the third-party credit enhancement on its issued liability? (<i>Note:</i> FASB ASC 820-10-35-18A states that, for the issuer, the unity of accounting for a liability measured or disclosed at fair value does not include the third-party credit enhancement.)	<u> </u>	<u> </u>	<u> </u>
[“Pending Content” in FASB ASC 820-10-50-4A]			

Practice Tip

The disclosure provisions in FASB ASC 250 for a change in accounting estimate are not required for revisions resulting from a change in a valuation technique of its application.
[FASB ASC 820-10-50-7]

Notes: In December 2008, FASB issued FSP FAS 132(R)-1 to provide guidance on an employer’s disclosures about plan assets of a defined benefit pension or other postretirement plan. One objective is to disclose information about fair value measurements of plan assets that would be similar to the disclosures required by FASB Statement No. 157.

The disclosures about plan assets required by this FSP should be provided for fiscal years ending after December 15, 2009 (that is, December 31, 2009, for entities with calendar year-ends). Upon initial application, the provisions of this FSP are not required for earlier periods presented for comparative purposes. Earlier application is permitted.

This FSP also includes a technical amendment to FASB Statement No. 132(R) that requires a nonpublic entity to disclose net periodic benefit cost for each annual period for which a statement of income is presented. This amendment was effective upon issuance.

This checklist has been updated to include the presentation and disclosure requirements of FSP FAS 132(R)-1.

As determined by the effective date or early implementation decision, entities for which this guidance has not been implemented should consider all questions indicated with an “A” reference (for example, question 1A and question 2A) and should place an “N/A” mark in questions indicated with a “B” reference. Entities for which the guidance has been implemented should consider all questions indicated by a “B” reference (for example, question 1B and question 2B) and place an “N/A” mark by questions indicated with an “A” reference. Therefore, based upon your entity’s year-end and decision to early implement or not (if allowed), the following additional questions will be answered when provided in this section (check one that applies for your entity):

 A B

Readers can refer to the full text of the statement on the FASB Web site at www.fasb.org.

This guidance is labeled as “Pending Content” due to the transition and open effective date information discussed in FASB ASC 715-20-65-2.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
16B. (FSP FAS 132(R)-1) Plan assets of a defined pension or other postretirement plan that are accounted for under FASB ASC 715 are not subject to the disclosure requirements in paragraphs 1–9 of FASB ASC 820-10-50 but are subject to disclosure requirements under FASB ASC 715-20-50-1(d)(iv) and FASB ASC 715-20-50-5(c)(iv). Have the proper disclosures been made under the listed paragraphs of FASB ASC 715? [“Pending Content” in FASB ASC 820-10-50-10]	_____	_____	_____

FSP Section 20,200

Auditors' Reports Checklist

.01 This section of the checklist has been developed primarily to address the requirements most likely to be encountered when reporting on financial statements of life and health insurance entities in accordance with generally accepted auditing standards (GAAS) as issued by the Auditing Standards Board (ASB), a senior technical committee of the AICPA. Certain key differences in reporting requirements between audits conducted in accordance with GAAS and audits conducted in accordance with the rules and standards of the Public Company Accounting Oversight Board (PCAOB) are identified in bold text throughout this section of the checklist. However, the differences identified are not intended to be all inclusive, and readers should seek appropriate guidance for a comprehensive source of reporting requirements associated with audits conducted in accordance with the rules and standards of the PCAOB.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Is each financial statement audited specifically identified in the introductory paragraph of the auditor's report? [AU 508.06]	_____	_____	_____
2. Do the titles of the financial statements referred to in the introductory paragraph of the auditor's report match the titles of the financial statements presented? [Common Practice]	_____	_____	_____
3. Do the dates of the financial statements referred to in the introductory paragraph of the auditor's report match the dates of the financial statements presented? [Common Practice]	_____	_____	_____
4. Is the report appropriately addressed? [AU 508.09]	_____	_____	_____

Practice Tip

Interpretation No. 17, "Clarification in the Audit Report of the Extent of Testing of Internal Control Over Financial Reporting in Accordance With Generally Accepted Auditing Standards," of AU section 508, *Reports on Audited Financial Statements* (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .85–.88), provides language that may be added to the auditor's standard report on the financial statements of a nonissuer to clarify differences between a GAAS audit and an audit conducted in accordance with the standards of the PCAOB. Interpretation No. 18, "References to PCAOB Standards in an Audit Report on a Nonissuer," of AU section 508 (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .89–.92) explains how the auditor should report if engaged to also follow PCAOB auditing standards in the audit of a nonissuer.

5. Does the independent auditor's report include the following elements:			
a. A title that includes the word <i>independent</i> ? [AU 508.08a]	_____	_____	_____
b. The titles of each financial statement in the introductory paragraph of the report? [AU 508.06]	_____	_____	_____

		<u>Yes</u>	<u>No</u>	<u>N/A</u>
c.	If the financial statements include a separate statement of changes in stockholders' equity accounts, it is identified in the introductory paragraph of the report? [AU 508.06]	_____	_____	_____
d.	A statement that the financial statements are the responsibility of management and that the auditor's responsibility is to express an opinion on the financial statements based on his or her audit? [AU 508.08c]	_____	_____	_____
e.	For audits conducted in accordance with GAAS in the United States, a statement that the audit was conducted in accordance with GAAS and an identification of the country of origin of those standards (for example, auditing standards generally accepted in the United States of America or U.S. GAAS)? [AU 508.08d]	_____	_____	_____
f.	(Audits of Issuers Only) A statement that the audit was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States)? [PCAOB Auditing Standard No. 1 par. 3]	_____	_____	_____
g.	A statement that those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement? [AU 508.08e]	_____	_____	_____
h.	A statement that an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation? [AU 508.08f]	_____	_____	_____
i.	A statement that the auditor believes that his or her audit provides a reasonable basis for his or her opinion? [AU 508.08g]	_____	_____	_____
j.	When the auditor reports on financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP), an opinion concerning whether the financial statements present fairly, in all material respects, the financial position of the reporting entity as of the balance sheet date and the results of its operations and its cash flows for the period then ended in conformity with GAAP? The opinion should include an identification of the United States of America as the country of origin of those accounting principles. [AU 508.08h]	_____	_____	_____

Notes: Interpretation No. 19, "Financial Statements Prepared in Conformity With International Financial Reporting Standards as Issued by the International Accounting Standards Board," of AU section 508 (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .93–.97) provides that, when the

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
auditor of a nonissuer reports on financial statements prepared in conformity with International Financial Reporting Standards (IFRSs), the auditor would refer, in the auditor's report, to the IFRSs rather than U.S. GAAP.			
When an auditor of a nonissuer reports on financial statements presented in conformity with both the IFRSs as issued by the International Accounting Standards Board (IASB) and a jurisdictional variation of the IFRSs, the auditor would refer, in the auditor's report, to both the IFRSs and the IFRSs as endorsed by <i>[insert name of endorsing country or economic union]</i> .			
When an auditor of a nonissuer reports on financial statements presented in conformity with a jurisdictional variation of the IFRSs such that the entity's financial statements do not contain an explicit and unreserved statement of compliance with the IFRSs as issued by the IASB, paragraphs .14–.15 of AU section 534, <i>Reporting on Financial Statements Prepared for Use in Other Countries</i> (AICPA, <i>Professional Standards</i> , vol. 1), and paragraphs .35–.60 of AU section 508 (AICPA, <i>Professional Standards</i> , vol. 1) apply to financial statements prepared for more than limited distribution in the United States.			
k. When the auditor reports on financial statements presented in conformity with the IFRSs, an opinion concerning whether the financial statements present fairly, in all material respects, the financial position of the reporting entity as of the balance sheet date and the results of its operations and its cash flows for the period then ended in conformity with the IFRSs as issued by the IASB? [AU 9508.93–.97]	_____	_____	_____
l. When the auditor reports on financial statements presented both in conformity with the IFRSs and a jurisdictional variant of the IFRSs, an opinion concerning whether the financial statements present fairly, in all material respects, the financial position of the reporting entity as of the balance sheet date and the results of its operations and its cash flows for the period then ended in conformity with the IFRSs as issued by the IASB and with the IFRSs as endorsed by <i>[insert name of endorsing country or economic union]</i> ? [AU 9508.93–.97]	_____	_____	_____
m. When the auditor reports on financial statements presented in conformity with a jurisdictional variation of the IFRSs such that the entity's financial statements do not contain an explicit and unreserved statement of compliance with the IFRSs as issued by the IASB, a variation of the standard report that reflects the guidance in paragraphs .14–.15 of AU section 534 and paragraphs .35–.60 of AU section 508 (AICPA, <i>Professional Standards</i> , vol. 1) for financial statements prepared for more than limited distribution in the United States? [AU 9508.93–.97]	_____	_____	_____
n. The manual or printed signature of the auditor's firm? [AU 508.08i]	_____	_____	_____
o. The date of the audit report? [AU 508.08j; AU 530.05]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Practice Tip			
<p>The independent auditor has 2 methods available for dating the report when a subsequent event disclosed in the financial statements occurs after the original date of the auditor's report but before the issuance of the related financial statements. The auditor may use "dual dating" (for example, "February 16, 20—, except for Note —, for which the date is March 1, 20—,") or may date the report as of the later date. In the former instance, the responsibility for events occurring subsequent to the original report date is limited to the specific event referred to in the note (or otherwise disclosed). In the latter instance, the independent auditor's responsibility for subsequent events extends to the date of the report, and, accordingly, the procedures outlined in paragraph .12 of AU section 560, <i>Subsequent Events</i> (AICPA, <i>Professional Standards</i>, vol. 1), generally should be extended to that date.</p>			

6.	Does the reporting language conform with the auditor's standard report on			
a.	financial statements of a single year or period?	_____	_____	_____
b.	comparative financial statements? [AU 508.08]	_____	_____	_____
7.	Does the report include appropriate language for the following situations:			
a.	Only one basic financial statement is presented and there are no scope limitations? [AU 508.33–.34]	_____	_____	_____
b.	Audited and unaudited financial statements are presented in comparative form? [AU 504.15–.17]	_____	_____	_____
c.	Different opinions are expressed on comparative financial statements? [AU 508.05]	_____	_____	_____

Note: Interpretation No. 14, "Reporting on Audits Conducted in Accordance With Auditing Standards Generally Accepted in the United States of America and in Accordance With International Standards on Auditing," of AU section 508 (AICPA, *Professional Standards*, vol. 1, AU sec. 9508 par. .56–.59) provides that, when the audit of a nonissuer is conducted both in accordance with standards generally accepted in the United States of America and in accordance with the International Standards on Auditing (ISAs), the auditor may so indicate in the auditor's report. To determine whether an audit was conducted in accordance with the ISAs, it is necessary to consider the text of the ISAs in their entirety, including the basic principles and essential procedures together with the related guidance included in the ISAs.

Practice Tip			
<p>If the audit of financial statements to be used in the United States was conducted in accordance with auditing standards generally accepted in the United States of America and ISAs as issued by the International Auditing and Assurance Standards Board, in their entirety, although not required, has the auditor considered indicating in the auditor's report that the audit was also conducted in accordance with ISA as allowed. [AU 9508.57–.59]</p>			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8. Is the reporting form, content, and timing of paragraphs .20-.30 of AU section 325A, <i>Communicating Internal Control Related Matters Identified in an Audit</i> (AICPA, <i>Professional Standards</i> , vol. 1), followed when communicating matters related to an organization's internal control over financial reporting identified in an audit of financial statements? [AU 325A.20-.30]	_____	_____	_____

Note: Auditors are required to communicate control deficiencies identified during an audit that are significant deficiencies or material weaknesses as defined by AU section 325A, including significant deficiencies or material weaknesses that were communicated in previous audits and have not yet been remediated. Those control deficiencies must be communicated in writing to management and those charged with governance. In October 2008, the ASB issued Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters Identified in an Audit* (AICPA, *Professional Standards*, vol. 1, AU sec. 325), to eliminate differences within the AICPA's Audit and Attest Standards resulting from the issuance of Statement on Standards for Attestation Engagements (SSAE) No. 15, *An Examination of an Entity's Internal Control Over Financial Reporting That Is Integrated With an Audit of Its Financial Statements* (AICPA, *Professional Standards*, vol. 1, AT sec. 501). SAS No. 115 supersedes SAS No. 112 and revises the information in AU section 325A. SAS No. 115 is effective for audits of financial statements for periods ending on or after December 15, 2009. Earlier application is permitted. Due to the issuance of SAS No. 115, the content of SAS No. 112 has been moved to AU section 325A of *Professional Standards* until the effective date of SAS No. 115.

9. If a subsequent event disclosed in the financial statements occurs after the original date of the independent auditor's report but before the issuance of the related financial statements, has the auditor followed one of the following two methods available for dating the report:			
a. Dual dating, in which the independent auditor's responsibility for events occurring subsequent to the original report date is limited to the specific event referred to in an explanatory note in the report (or otherwise disclosed)?	_____	_____	_____
b. Dating the report as of the later date, in which the independent auditor's responsibility for subsequent events extends to the date of the report? [AU 530.03-.05]	_____	_____	_____
10. (<i>Audits of Issuers Only</i>) If the auditor obtains knowledge about a subsequent event that			
a. materially and adversely affects the effectiveness of the entity's internal control over financial reporting as of the date specified in the assessment, has the auditor either			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i. issued an adverse opinion on internal control over financial reporting (and followed the direction in paragraph C2 of PCAOB Auditing Standard No. 5 if management's assessment states that internal control over financial reporting is effective)?	_____	_____	_____
ii. disclaimed an opinion if the auditor is unable to determine the effect of the subsequent event on the effectiveness of the entity's internal control over financial reporting?	_____	_____	_____
b. relates to conditions that did not exist at the date specified in the assessment but arose subsequent to that date and before issuance of the auditor's report, and the subsequent event has a material effect on the entity's internal control over financial reporting, has the auditor included in his or her report an explanatory paragraph describing the event and its effects or directed the reader's attention to the event and its effects as disclosed in management's report? [PCAOB Auditing Standard No. 5 par. .96-.97]	_____	_____	_____
11. If the accountant is not independent, has he or she followed one of the two reporting alternatives available:			
a. Disclaiming the opinion with respect to the financial statements and specifically stating that he or she is not independent?	_____	_____	_____
b. Issuing a compilation report in accordance with Statements on Standards for Accounting and Review Services indicating the lack of independence (nonpublic entities only)? [AU 504.05 and .09-.10; AR 100.21 and .48]	_____	_____	_____

Note: The Accounting and Review Services Committee (ARSC) issued an exposure draft that would revise the standards for compilation and review engagements. Significant changes to SSARSs include the following:

- The introduction of new terms, such as *review evidence* and *review risk*, to the review literature to harmonize with international review standards.
- A discussion of materiality in the context of a review engagement.
- A requirement that an accountant document the establishment of an understanding with management through a written communication (that is, an engagement letter) regarding the services to be performed.
- The establishment of enhanced documentation requirements for compilation and review engagements.
- The ability for an accountant to include a general description in the accountant's compilation report regarding the reason(s) for an independence impairment.

The ARSC voted to issue these revisions as a final standard, SSARS No. 19, *Compilation and Review Engagements*. The standard is expected to be issued in December 2009. The effective date is for compilations
(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
and reviews of financial statements for periods beginning on or after December 15, 2010. Early application would be permitted with respect to permitting an accountant to disclose the reasons for a lack of independence in a compilation report.			
12. If the opinion is based in part on the report of another auditor,			
a. does the introductory paragraph of the standard report disclose the fact that the opinion is based, in part, on the report of other auditors?	_____	_____	_____
b. does the opinion paragraph include a reference to the report of the other auditor? [AU 508.11a, .12, and .13]	_____	_____	_____
13. If, to prevent the financial statements from being misleading because of unusual circumstances, the financial statements contain a departure from an accounting principle promulgated by a body designated by the AICPA Council to establish such principles, does the report include, in a separate paragraph or paragraphs, the information required by the rule? [AU 508.11b and .15]	_____	_____	_____
14. If the auditor uses the work of a specialist in performing an audit, have they added an optional explanatory paragraph? [AU 336.16]	_____	_____	_____
Note: Reference to and identification of the specialist may be added if the auditor believes such a reference will facilitate an understanding of the reason for the explanatory paragraph. [AU 336.16]			
15. If there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, not to exceed one year beyond the date of the financial statements being audited,			
a. does the report include an explanatory paragraph, following the opinion paragraph, to reflect that conclusion?	_____	_____	_____
b. is that conclusion expressed through the use of the phrase "substantial doubt about its (the entity's) ability to continue as a going concern" or similar wording that includes the terms substantial doubt and going concern? [AU 508.11c; AU 341.12]	_____	_____	_____

Practice Tip

In evaluating whether there is substantial doubt about the entity's ability to continue as a going concern, the auditor's evaluation is based on his or her knowledge of relevant conditions that exist at or have occurred prior to *the date of the auditor's report*. If, after considering identified conditions and events and management's plans, the auditor concludes that substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time remains, the audit report should include an explanatory paragraph to reflect that conclusion.

In a going concern paragraph, the auditor should not use conditional language in expressing a conclusion concerning the existence of substantial doubt about the entity's ability to continue as a going concern. See paragraph .13 of AU section 341, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern* (AICPA, *Professional Standards*, vol. 1), for an example.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
16. Is the report dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence to support the auditor's opinion on the financial statements? [AU 530.01]	_____	_____	_____
17. <i>(Audits of Issuers Only)</i> Is the report dated no earlier than the date on which the auditor has obtained sufficient competent evidence to support the auditor's opinion on the financial statements? [PCAOB Auditing Standard No. 5 par. 89]	_____	_____	_____
18. <i>(Audits of Issuers Only)</i> When performing an integrated audit of financial statements and internal control over financial reporting, are the auditor's reports on the entity's financial statements and on internal control over financial reporting dated the same? [PCAOB Auditing Standard No. 5 par. 89]	_____	_____	_____
19. <i>(Audits of Issuers Only)</i> Prior to the report release date, among other matters, has the auditor obtained sufficient evidence to support the representations in the auditor's reports? [PCAOB Auditing Standard No. 3 par. 15]	_____	_____	_____

Practice Tip

Changes in Accounting Estimates

Paragraph .15 of AU section 420, *Consistency of Application of Generally Accepted Accounting Principles* (AICPA, *Professional Standards*, vol. 1), clarifies that the change in an accounting estimate that does not include a change in accounting principle does not require an explanatory paragraph in the auditor's report. However, an accounting change of this type having a material effect on the financial statements may require disclosure in a note to the financial statements.

Changes in Classification

Paragraph .17 of AU section 420 clarifies that changes in classification from the prior year's financial statements are usually not of sufficient importance to necessitate disclosure; however, material changes in classification should be indicated and explained in the financial statements or notes.

Error Corrections

Paragraph .16 of AU section 420 states that the correction of an error in previously issued financial statements resulting from mathematical mistakes, oversight, or misuse of facts that existed at the time the financial statements were originally prepared does not involve the consistency standard if no element of accounting principles or their application is included. Accordingly, the independent auditor need not recognize the correction in his report. However, if the independent auditor had previously reported on the financial statements containing the error, the auditor has concluded, based on the considerations in paragraph .05 of AU section 561, *Subsequent Discovery of Facts Existing at the Date of the Auditor's Report* (AICPA, *Professional Standards*, vol. 1), that action should be taken to prevent future reliance on his report, and the issuance of financial statements accompanied by the auditor's report for a subsequent period is imminent, the auditor should disclose the revision in such statements instead of reissuing the earlier statements.

Notes: For audits of issuers, certain circumstances, although not affecting the auditor's unqualified opinion, may require that the auditor add explanatory language to the standard report as described in paragraphs .11–.19 of AU section 508, *Reports on Audited Financial Statements* (AICPA, *PCAOB Standards and Related Rules*, Interim Standards).

(continued)

Yes No N/A

Other circumstances may require a departure from an unqualified opinion, either in the form of a qualified opinion, an adverse opinion, or a disclaimed opinion as described in paragraphs .20–.63 of AU section 508 (AICPA, *PCAOB Standards and Related Rules*, Interim Standards).

For special reporting situations relating to the auditor's report on internal control over financial reporting, refer to appendix C, *Special Reporting Situations*, of Auditing Standard No. 5.

PCAOB Auditing Standard No. 6, *Evaluating Consistency of Financial Statements* (AICPA, *PCAOB Standards and Related Rules*, Auditing Standards), updated the auditor's responsibilities to evaluate and report on the consistency of an entity's financial statements and align the auditor's responsibilities with Financial Accounting Standards Board (FASB) Statement No. 154, *Accounting Changes and Error Corrections*.

One significant difference in terminology between FASB Statement No. 154 (which is codified in FASB *Accounting Standards Codification* (ASC) 250, *Accounting Changes and Error Corrections*) and Auditing Standard No. 6 is the use of the term *error* in the FASB standard whereas the PCAOB standard uses the term *misstatement* and specifically states that the meaning is the same for purposes of the PCAOB Auditing Standards. Auditing Standard No. 6 also establishes that the auditor's report should indicate whether an adjustment to previously issued financial statements results from a change in accounting principle or the correction of a misstatement.

Auditing Standard No. 6 contains numerous amendments to AU section 508 (AICPA, *PCAOB Standards and Related Rules*, Interim Standards) and other interim PCAOB Auditing Standards. If Auditing Standard No. 6 is applicable to issuers' financial statements, answer questions 21–22; otherwise, skip questions 21–22. For more information and for the full text of the auditing standard, refer to the PCAOB Web site at www.pcaob.org. Also refer to the Securities and Exchange Commission (SEC) Web site at www.sec.gov.

20. If there has been a material change between periods in accounting principles or in the method of their application, including a change from an accounting principle that is not generally accepted to one that is generally accepted and a change in accounting principle that is inseparable from the effect of a change in estimate, that has a material effect on the comparability of the reporting entity's financial statements,

- a. does the report include an explanatory paragraph, following the opinion paragraph that refers to the change? _____
- b. does the explanatory paragraph identify the nature of the change and refer the reader to the note to the financial statements that discusses the change in detail? _____
[AU 508.05–.06 and .12–.13]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. if the change in the accounting principle is a change in reporting entity that did not result from a transaction or an event, is an explanatory paragraph included in the auditor's report? (<i>Note:</i> A change in the reporting entity resulting from a transaction or event, such the creation, cessation, or complete or partial purchase or disposition of a subsidiary or other business unit, does not require that an explanatory paragraph about consistency be included in the auditor's report.) [AU 420.08]	_____	_____	_____
21. (<i>Audits of Issuers Only</i>) If there has been a change in accounting principle that has a material effect on the financial statements, including a change in the method of applying an accounting principle, a change in estimate effected by a change in accounting principle, and a change in classification that represents a change in accounting principle, and meets the four criteria established in paragraph 7 of PCAOB Auditing Standard No. 6,			
a. does the report include an explanatory paragraph, following the opinion paragraph, in the year of the change and in subsequent years until the new accounting principle is applied in all periods presented?	_____	_____	_____
b. does the explanatory paragraph identify the nature of the change and include a reference to the note disclosure describing the change?	_____	_____	_____
c. if the change in the accounting principle is a change in reporting entity that did not result from a transaction or an event, is an explanatory paragraph included in the auditor's report? (<i>Note:</i> A change in the reporting entity resulting from a transaction or event, such the creation, cessation, or complete or partial purchase or disposition of a subsidiary or other business unit, does not require recognition in the auditor's report.) [PCAOB Auditing Standard No. 6 par. 4–8 and 11]	_____	_____	_____
22. (<i>Audits of Issuers Only</i>) If there has been a correction of a material misstatement in previously issued financial statements, including a change from an accounting principle that is not generally accepted to one that is generally accepted and a change in classification that represents the correction of a material misstatement, does the auditor's report contain an explanatory paragraph, following the opinion paragraph, that includes			
a. a statement that the previously issued financial statements have been restated for the correction of a misstatement in the respective period?	_____	_____	_____
b. a reference to the entity's disclosure of the correction of the misstatement? [PCAOB Auditing Standard No. 6 par. 5 and 9–11]	_____	_____	_____
23. In an updated report on the individual financial statements of one or more prior periods presented on a comparative basis with those of the current period, if the opinion is different from the opinion previously expressed on the financial statements of a prior period,			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. does the report include an explanatory paragraph, preceding the opinion paragraph that discloses all of the substantive reasons for the different opinion?	_____	_____	_____
b. does the explanatory paragraph disclose			
i. the date of the auditor's previous report?	_____	_____	_____
ii. the type of opinion previously expressed?	_____	_____	_____
iii. the circumstances or events that caused the auditor to express a different opinion?	_____	_____	_____
iv. that the auditor's updated opinion on the financial statements of the prior period is different from his or her previous opinion on those statements? [AU 508.11e and .69]	_____	_____	_____
24. If financial statements of a prior period (presented for comparative purposes) have been audited by a predecessor auditor whose report is not presented,			
a. does the introductory paragraph of the report indicate			
i. that the financial statements of the prior period were audited by another auditor?	_____	_____	_____
ii. the date of the predecessor auditor's report?	_____	_____	_____
iii. the type of report issued by the predecessor auditor?	_____	_____	_____
iv. if the report was other than a standard report, the substantive reasons therefore, including a description of the nature of and reasons for the explanatory paragraph added to the predecessor's report or his or her opinion qualification?	_____	_____	_____
b. if the financial statements have been restated, does the introductory paragraph indicate that the predecessor auditor reported on the financial statements of the prior period before restatement? [AU 508.11e and .74]	_____	_____	_____
25. Is an explanatory paragraph (or other explanatory language) added to the standard auditor's report if			
a. the auditor wishes to clarify that an audit performed in accordance with GAAS does not require the same level of testing and reporting on internal control over financial reporting as an audit of an issuer when Section 404(b) of the Sarbanes-Oxley Act is applicable? (<i>Note:</i> Not required—Interpretation No. 17 of AU section 508 [AICPA, <i>Professional Standards</i> , vol. 1] provides an example report.) [AU 9508.85–.88]	_____	_____	_____
b. the audit is conducted in accordance with both GAAS and the PCAOB's Auditing Standards as allowed by Interpretation No. 18 of AU section 508 (AICPA, <i>Professional Standards</i> , vol. 1)? (<i>Note:</i> Not required—Interpretation No. 18 of AU section 508 [AICPA, <i>Professional Standards</i> , vol. 1] provides an example report.) [AU 9508.89–.92]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
26. Is an explanatory paragraph (or other explanatory language) added to the standard auditor's report if the prior period's financial statements are audited by a predecessor auditor who has ceased operations? [AU 9508.60–.75]	_____	_____	_____
27. If selected quarterly financial data required by SEC Regulation S-K has been omitted or has not been reviewed, does the report include an additional paragraph stating that fact? [AU 508.11f; AU 722.50]	_____	_____	_____
Note: In February 2009, the ASB issued SAS No. 116, <i>Interim Financial Information</i> (AICPA, <i>Professional Standards</i> , vol. 1, AU sec. 722). SAS No. 116 amends AU section 722 to accommodate reviews of interim financial information of nonissuers, including companies offering securities pursuant to SEC Rule 144A or participating in private equity exchanges. SAS No. 116 is effective for audits of financial statements for periods beginning on or after December 15, 2009. Earlier application is permitted.			
28. If other information in a document containing audited financial statements is materially inconsistent with information appearing in the financial statements, has it been determined whether the financial statements, the auditor's report, or both require revision? [AU 508.11h; AU 550.04]	_____	_____	_____
29. If the auditor decides to emphasize a matter regarding the financial statements in the report, is the matter being emphasized disclosed in the financial statements' and is the explanatory information presented in a separate paragraph that avoids use of phrases such as "with the foregoing (following) explanation"? [AU 508.11 and .19; AU 9410.18; AU 9342.03]	_____	_____	_____
30. If it has not been possible to conduct the audit in accordance with GAAS or to apply all of the procedures considered necessary in the circumstances, has consideration been given to the need to issue a qualified opinion or to disclaim an opinion? [AU 508.22]	_____	_____	_____
31. If a qualified opinion is to be expressed because of a scope limitation,			
a. are all of the substantive reasons for the qualification disclosed in one or more explanatory paragraphs preceding the opinion paragraph?	_____	_____	_____
b. does the qualified opinion include the word <i>except</i> or <i>exception</i> in a phrase such as <i>except for</i> or <i>with the exception of</i> ?	_____	_____	_____
c. is the situation described and referred to in both the scope and opinion paragraphs?	_____	_____	_____
d. does the wording in the opinion paragraph indicate that the qualification pertains to the possible effects on the financial statements and not to the scope limitation itself? [AU 508.22–.32; AU 318.76]	_____	_____	_____

Yes No N/A

Practice Tip

Scope limitations can be imposed by the client or by circumstances such as the timing of the auditor's work, the inability to obtain sufficient appropriate audit evidence, or an inadequacy in the accounting records. Sufficient appropriate audit evidence includes, among other things, management having asserted responsibility for the final financial statements. As provided in Technical Questions and Answers (TIS) section 9100.06, "The Effect of Obtaining the Management Representation Letter on Dating the Auditor's Report" (AICPA, *Technical Practice Aids*), the auditor will need to have the signed management representation letter in hand prior to releasing the auditor's report because management's refusal to furnish written representations constitutes a limitation on the scope of the audit sufficient to preclude an unqualified opinion.

In circumstances in which the auditor is unable to obtain sufficient appropriate audit evidence to support management's assertions about the nature of a matter involving an uncertainty and its presentation or disclosure in the financial statements, the auditor should consider the need to express a qualified opinion or to disclaim an opinion because of a scope limitation.

It also includes situations in which the auditor's only evidence of the existence, valuation, or both, of (a) investments without readily determinable fair value, or (b) interests held in trust by a third-party trustee, is receiving confirmation from a third party for those assets.

In circumstances in which the auditor is unable to audit the existence or measurement of interests in investments in securities and interests in trusts, the auditor should consider whether that scope limitation requires the auditor to either qualify his or her opinion or to disclaim an opinion, as discussed in paragraphs .22-.26 of AU section 508 (AICPA, *Professional Standards*, vol. 1); Interpretation No. 1, "Auditing Interests in Trusts Held by a Third-Party Trustee and Reported at Fair Value," of AU section 328, *Auditing Fair Value Measurements and Disclosures* (AICPA, *Professional Standards*, vol. 1, AU sec. 9328 par. .01-.04); and Interpretation No. 1, "Auditing Investments in Securities Where a Readily Determinable Fair Value Does Not Exist," of AU section 332, *Auditing Derivative Instruments, Hedging Activities, and Investments in Securities* (AICPA, *Professional Standards*, vol. 1, AU sec. 9332 par. .01-.04).

32. Is a qualified opinion or disclaimer of opinion expressed if the auditor's understanding of internal control raises doubts about the auditability of an entity's financial statements, such as

a. concerns about the integrity of an entity's management cause the auditor to conclude that the risk of management misrepresentation in the financial statements is such that an audit cannot be conducted? _____

b. concerns about the condition and reliability of an entity's records cause the auditor to conclude that it is unlikely that sufficient appropriate audit evidence will be available to support an unqualified opinion on the financial statements? _____
[AU 314.109]

33. If, in the auditor's judgment, the two-way communication between the auditor and those charged with governance as described in AU section 380 is not adequate and the situation cannot be resolved, thereby prohibiting the auditor from obtaining all the audit evidence required to form an opinion on the financial statements, has the auditor considered the following:

a. Modifying the audit opinion on the basis of a scope limitation? _____

b. Obtaining legal advice about the consequences of different courses of action? _____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. Communicating with an appropriate third party, (for example, a regulator)	_____	_____	_____
d. Withdrawing from the engagement? [AU 380.63]	_____	_____	_____
34. If, in the auditor's judgment, significant difficulties in dealing with management such as those described in AU section 380, have been encountered, has the auditor considered modifying the audit opinion on the basis of a scope limitation? [AU 380.39]	_____	_____	_____
35. If an opinion is disclaimed because of a scope limitation,			
a. are all of the substantive reasons for the disclaimer stated in a separate paragraph or paragraphs?	_____	_____	_____
b. does the report state that the scope of the audit was not sufficient to warrant the expression of an opinion?	_____	_____	_____
c. does the report avoid identifying procedures that were performed?	_____	_____	_____
d. is the scope paragraph omitted?	_____	_____	_____
e. if there are reservations about fair presentation of the financial statements in conformity with GAAP, are they described in the report? [AU 508.62–.63]	_____	_____	_____
Note: Consult the Topical Index to AICPA <i>Professional Standards</i> under "Scope of Audit—Limitations" for additional references to specific types of scope limitations that could result in either a qualified or disclaimer of opinion.			
36. If the financial statements are materially affected by a departure from GAAP (including, for example, inadequate disclosure, inappropriate accounting principles, and unreasonable accounting estimates), has the auditor issued a qualified opinion or an adverse opinion? [AU 508.35]	_____	_____	_____
37. If a qualified opinion is to be expressed because of a GAAP departure,			
a. are all of the substantive reasons that have led to the conclusion that there is a departure from GAAP disclosed in one or more separate explanatory paragraphs preceding the opinion paragraph?	_____	_____	_____
b. does the qualified opinion include the word <i>except</i> or <i>exception</i> in a phrase such as <i>except for</i> or <i>with the exception of</i> and a reference to the explanatory paragraph?	_____	_____	_____
c. does the explanatory paragraph disclose the principle effects of the departure on financial position, results of operations, and cash flows, if practicable, or state that the effects are not reasonably determinable? [AU 508.21 and AU 508.37–.39]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
38. If an adverse opinion is to be expressed because of a GAAP departure,			
a. are all of the substantive reasons for the adverse opinion disclosed in one or more separate explanatory paragraphs preceding the opinion paragraph?	_____	_____	_____
b. does the explanatory paragraph disclose the principle effects of the departure on financial position, results of operations, and cash flows, if practicable, or state that the effects are not reasonably determinable?	_____	_____	_____
c. state that the financial statements do not present fairly the financial position, or results of operations or cash flows in conformity with GAAP? [AU 508.58–.59]	_____	_____	_____
39. If essential data concerning an impending change in GAAP and the future resulting restatement are not disclosed, has the auditor issued a qualified or adverse opinion? [AU 9410.15]	_____	_____	_____
40. If the auditor concludes that an illegal act has a material effect on the financial statements and the act has not been properly accounted for or disclosed, has the auditor issued a qualified or adverse opinion (depending on the materiality effect on the financial statements taken as a whole)? [AU 317.18]	_____	_____	_____

Note: Consult the Topical Index to AICPA *Professional Standards* under “Departures From Standard Report” for additional information.

Readers may also wish to refer to TIS section 1400.31, “GAAP Departure for FASB ASC 810” (AICPA, *Technical Practice Aids*), for assistance in determining the implications on the auditors report if the reporting entity does not consolidate a variable interest entity.

Practice Tip

Reporting on financial statements prepared in conformity with an other comprehensive basis of accounting (OCBOA) is addressed in AU section 623, *Special Reports* (AICPA, *Professional Standards*, vol. 1). For purposes of that section, a comprehensive basis of accounting other than GAAP is one of the following:

- A basis of accounting that the reporting entity uses to comply with the requirements or financial reporting provisions of a governmental regulatory agency to whose jurisdiction the entity is subject. An example is a basis of accounting insurance companies use pursuant to the rules of a state insurance commission.
- A basis of accounting that the reporting entity uses or expects to use to file its income tax return for the period covered by the financial statements.
- The cash receipts and disbursements basis of accounting, and modifications of the cash basis having substantial support, such as recording depreciation on fixed assets or accruing income taxes.
- A definite set of criteria having substantial support that is applied to all material items appearing in financial statements, such as the price-level basis of accounting.

In considering whether the financial statements (including the accompanying notes) include all informative disclosures that are appropriate for the basis of accounting used, paragraph .09 of AU section 623 states that

(continued)

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
the auditor should apply essentially the same criteria to financial statements prepared on an other comprehensive basis of accounting as he or she does to financial statements prepared in conformity with GAAP.			
41. When reporting on financial statements prepared in conformity with a comprehensive basis of accounting other than GAAP, as defined in paragraph .04 of AU section 623, does the independent auditor's report include the following elements (for audits prepared in conformity with GAAS):			
a. A title that includes the word <i>independent</i> ? [AU 623.05a]	_____	_____	_____
b. A paragraph that states that			
i. the financial statements identified in the report were audited?	_____	_____	_____
ii. the financial statements are the responsibility of the entity's management and that the auditor is responsible for expressing an opinion on the financial statements based on the audit? [AU 623.05b]	_____	_____	_____
c. A paragraph that states that			
i. the audit was conducted in accordance with GAAS with specific identification of the United States of America as the country of origin of those standards?	_____	_____	_____
ii. those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement?	_____	_____	_____
iii. an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation?	_____	_____	_____
iv. the auditor believes that his or her audit provides a reasonable basis for the opinion? [AU 623.05c]	_____	_____	_____
d. A paragraph that states			
i. the basis of presentation and refers to the note to the financial statements that describes the basis?	_____	_____	_____
ii. that the basis of presentation is a comprehensive basis of accounting other than GAAP? [AU 623.05d]	_____	_____	_____
e. A paragraph that expresses the auditor's opinion (or disclaims an opinion) on whether the financial statements are presented fairly, in all material respects, in conformity with the basis of accounting described? [AU 623.05e]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p><i>f.</i> If the financial statements are prepared in conformity with the requirements or financial reporting provisions of a governmental regulatory agency, a separate paragraph at the end of the report stating that the report is intended solely for the information and use of those within the entity and the regulatory agencies to whose jurisdiction the entity is subject, and is not intended to be and should not be used by anyone other than these specified parties? [AU 623.05<i>f</i>]</p>	_____	_____	_____
<p><i>g.</i> The manual or printed signature of the auditor's firm? [AU 623.05<i>g</i>]</p>	_____	_____	_____
<p><i>h.</i> The date of the audit report? [AU 623.05<i>h</i>]</p>	_____	_____	_____
<p>42. When the financial statements are prepared in conformity with the requirements or financial reporting provisions of a governmental regulatory agency and the financial statements and reports will be used by parties or distributed by the entity to parties other than the regulatory agencies to whose jurisdiction the entity is subject, has the standard form of report been modified as appropriate because of the departures from GAAP and has an additional paragraph been added to express an opinion on whether the financial statements are presented in conformity with the regulatory basis of accounting? (<i>Note:</i> Interpretation 15, "Auditor Reports on Regulatory Accounting or Presentation When the Regulated Entity Distributes the Financial Statements to Parties Other Than the Regulatory Agency Either Voluntarily or Upon Specific Request," of AU section 623 [AICPA, <i>Professional Standards</i>, vol. 1, AU sec. 9623 par. .96-.98] provides an example report.) [AU 544.04; AU 9623.96-.98]</p>	_____	_____	_____
<p>43. If certain other information, including supplementary information required by GAAP, contained in annual reports and other client-prepared documents described in paragraph .02 of AU section 550, <i>Other Information in Documents Containing Audited Financial Statements</i> (AICPA, <i>Professional Standards</i>, vol. 1), that contain audited financial statements has been subjected to auditing procedures applied in the audit of the basic financial statements, does the auditor express an opinion on whether the information is fairly stated in all material respects in relation to those financial statements taken as a whole in the auditor's report and does the report describe clearly the character of the auditor's work and the degree of responsibility the auditor is taking? [AU 550.07; AU 558.09]</p>	_____	_____	_____
<p>44. If other information contained in annual reports and other client-prepared documents described in AU section 550 paragraph .02 that contain audited financial statements is materially inconsistent with information appearing in the financial statements, has it been determined whether the financial statements, the auditor's report, or both require revision? [AU 508.11<i>h</i>; AU 550.04]</p>	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
45. If other information contained in annual reports and other client-prepared documents described in AU section 550 paragraph .02 that contain audited financial statements is materially inconsistent with information appearing in the financial statements, and the auditor has determined that neither the financial statements nor the auditor's report require revision, has the auditor either			
a. requested that the client revise the other information to eliminate the material consistency?	_____	_____	_____
b. considered other actions such as revising the audit report to include an explanatory paragraph describing the material inconsistency, withholding the use of the audit report in the document, and withdrawing from the engagement? [AU 550.04]	_____	_____	_____
46. If information accompanies the basic financial statements and auditor's report in an auditor-submitted document, is it accompanied by a report that			
a. states that the audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole?	_____	_____	_____
b. specifically identifies the accompanying information?	_____	_____	_____
c. states that the accompanying information is presented for purposes of additional analysis and is not a required part of the basic financial statements?	_____	_____	_____
d. includes either an opinion on whether the accompanying information is fairly stated in all material respects in relation to the basic financial statements taken as a whole or a disclaimer of opinion (depending on whether the information was subjected to the auditing procedures applied in the audit of the basic financial statements)? [AU 551.05-.06]	_____	_____	_____
47. If information accompanying the basic financial statements and auditor's report in an auditor-submitted document is materially misstated in relation to the basic financial statements taken as a whole, has the auditor either			
a. requested that the client revise the accompanying information to eliminate the material misstatement?	_____	_____	_____
b. considered other actions such as modifying the audit report to describe the misstatement or refusing to include the accompanying information in the auditor-submitted document? [AU 551.09]	_____	_____	_____
48. When the basic financial statements are accompanied by supplementary information required by GAAP and such supplementary information has not been audited as part of the basic financial statements, does the auditor's report exclude any language that refers to the supplementary information or the limited procedures applied (except in the circumstances described in AU section 558 paragraph .08)? [AU 558.08]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
49. When the basic financial statements are accompanied by supplementary information required by GAAP and such supplementary information has been audited as part of the basic financial statements, has the audit report been expanded in accordance with AU section 550 paragraph .07? [AU 558.09]	_____	_____	_____
50. If supplementary information required by GAAP has been omitted, the presentation of such information departs materially from prescribed guidelines, the auditor is unable to complete prescribed procedures with respect to such information, or the auditor is unable to remove substantial doubt about whether the supplementary information conforms to prescribed guidelines, does the report include an additional paragraph stating that fact? [AU 558.08]	_____	_____	_____

FSP Section 20,300

Supplemental Information for Life Insurance Entities That are Securities and Exchange Commission Registrants

.01 Regulation S-X is the primary source of requirements for financial statements and related footnotes required to be included in documents filed with the SEC. In addition to Regulation S-X, preparers and auditors of financial statements should be familiar with the Securities and Exchange Commission's (SEC's) Financial Reporting Releases (FRRs) and Staff Accounting Bulletins (SABs). FRRs communicate the SEC's position on accounting and auditing principles and practices. SABs represent interpretations and practices followed by the Division of Corporation Finance and the Office of the Chief Accountant of the SEC. Insurance companies are subject to the requirements of Articles 1–4, 7, 10, and 12 of Regulation S-X.

.02 When determining compliance with SEC requirements, preparers and auditors should refer to the appropriate SEC pronouncements to ensure compliance with SEC disclosure rules. In particular, the following documents should be consulted:

- Regulation S-X, Article 1, *Application of Regulation S-X*
- Regulation S-X, Article 2, *Qualifications and Reports of Accountants*
- Regulation S-X, Article 3, *General Instructions as to Financial Statements*
- Regulation S-X, Article 3A, *Consolidated and Combined Financial Statements*
- Regulation S-X, Article 4, *Rules of General Application*
- Regulation S-X, Article 7, *Insurance Companies*
- Regulation S-X, Article 10, *Interim Financial Statements*
- Regulation S-X, Article 12, *Form and Content of Schedules*
- SABs reflect the SEC staff's views regarding accounting-related disclosure practices. They represent interpretations and policies followed by the Division of Corporation Finance and the Office of the Chief Accountant in administering the disclosure requirements of the federal securities laws.
- FRRs adopt, change, or interpret requirements relating to accounting, auditing, and disclosure issues.
- The Sarbanes-Oxley Act of 2002
- Rules and standards of the Public Company Accounting Oversight Board

FSP Section 20,400

Illustrative Financial Statements

.01 This section contains illustrative financial statements prepared in conformity with generally accepted accounting principles (GAAP). The financial statements are for illustrative purposes only, are not intended to be comprehensive and are not intended to establish preference among alternative principles acceptable under GAAP. Decisions about the application of the GAAP discussed in the accounting and financial reporting sections of the AICPA Audit and Accounting Guide *Life and Health Insurance Entities* (2009) should not be made by reference to the illustrative financial statements but by a careful reading to the specified authoritative literature. The illustrative financial statements reflect many of the minimum disclosure requirements for a life and health insurance entity but do not include all of the amounts or transactions discussed in other chapters of the guide or that might be found in practice. For example, the illustrative notes indicate the subject matter generally required to be disclosed, but they should be expanded, reduced, or otherwise modified to suit individual circumstances based on a careful reading of the specified authoritative literature.

.02 The illustrative financial statements do not include other transactions not unique to life and health insurance entities, such as disclosures about segments, employee benefit plans, certain risks and uncertainties, or postemployment benefits other than pensions. Preparers and auditors should consult authoritative guidance on presenting such other information.

.03 The illustrative financial statements do not reflect rules and releases of the Securities and Exchange Commission (SEC) that, for SEC registrants, have an authority similar to other officially established accounting principles. SEC Regulation S-X, Article 7, *Insurance Companies*, should be referred to.

.04 The illustrative financial statements also do not reflect the impact of laws and regulations of the insurance entity's state of domicile. The impact on the financial statements of such laws and regulations vary by state. Many states require conformity with the codification of statutory accounting practices in the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual* to the extent it does not conflict with its own state laws and regulations. Refer to the NAIC *Accounting Practices and Procedures Manual*, NAIC *Annual Statement Instructions*, and specific state laws and regulations to determine the impact of codification and individual state laws and regulations.

.05 Life and health insurance entities generally present unclassified balance sheets.

Note: The illustrative financial statements and notes included in this checklist have been updated to reflect Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC). However, in FASB's Notice to Constituents, it suggests the use of plain English in financial statement footnotes to describe broad FASB ASC Topic references. They suggest a reference similar to "as required by the Derivatives and Hedging Topic of FASB *Accounting Standards Codification*." Entities might consider revising their financial statement references to reflect this plain English referencing, rather than the use of specific FASB ASC references. We have provided these detailed references in the 2009 editions as a learning tool to familiarize constituents with FASB ASC.

.06

ABC LIFE INSURANCE COMPANY
Balance Sheet*
December 31, 20X1 and 20X0
(Amounts in thousands)

	<u>20X1</u>	<u>20X0</u>
Assets		
Investments:		
Debt and equity securities:		
Fixed maturities, held to maturity, at amortized cost (estimated fair value: \$47,830 in 20X1 and \$45,255 in 20X0)	\$ 44,864	\$ 46,310
Fixed maturities, available for sale, at estimated fair value (amortized cost: \$247,525 in 20X1 and \$219,565 in 20X0)	255,893	214,563
Trading account securities, at estimated fair value (cost: \$4,220 in 20X1 and \$4,419 in 20X0)	3,950	4,190
Mortgage loans	79,258	106,692
Real estate	6,410	6,147
Policy loans	43,549	51,013
Short-term investments	7,515	6,321
Total investments	<u>441,439</u>	<u>435,236</u>
Cash and cash equivalents	5,285	3,343
Accrued investment income	6,660	8,026
Premiums due and other receivables, ¹ net of allowance of \$4,500 and \$2,100 for doubtful accounts	1,647	1,092
Reinsurance receivable on paid and unpaid losses	596	407
Reinsurance receivable related to contract holder liabilities	5,714	3,048
Deferred policy acquisition costs	38,936	36,429
Property and equipment, net of accumulated depreciation	501	420
Other assets	152	158
Separate account assets	732	525
Total assets	<u><u>\$501,662</u></u>	<u><u>\$488,684</u></u>
Liabilities		
Future policy benefits	\$345,887	\$341,207
Guaranteed interest contracts	21,342	23,555
Policyholders funds on deposit	49,408	46,202
Unpaid claims	5,418	4,737

(continued)

* Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value that applies broadly to financial and nonfinancial assets and liabilities and improves the consistency, comparability, and reliability of the measurements. FASB ASC 820 codifies and simplifies existing guidance for developing measurements and improves disclosures about the measurements. Additionally, FASB ASC 825, *Financial Instruments*, improves financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. For additional information, see the FASB Web site at www.fasb.org.

¹ FASB ASC 310-10-50 requires, among other things, that the summary of significant accounting policies include the basis for accounting for trade receivables, and the classification and method of accounting for other receivables. It also requires that a description of the accounting policies and methodology the entity used to estimate its allowance for doubtful accounts be included in the notes to the financial statements. Such a description should identify the factors that influenced management's judgment and may also include discussion of risk elements relevant to particular categories of financial instruments. In addition, FASB ASC 310-10-50-6 requires that the summary of significant accounting policies include the policy for charging off uncollectible trade receivables.

FASB ASC 310-10-45 contains other presentation and disclosure requirements that may apply to the financial statements of insurance entities.

	20X1	20X0
Policyholders dividends	2,335	3,450
Amounts held in escrow and accrued expenses	4,977	4,562
Deferred federal income taxes	1,412	1,027
Other liabilities	253	4,465
Separate account liabilities	732	525
Total liabilities	431,764	429,730
Commitments and contingencies (Note 12)		
Shareholders' Equity		
Capital stock: authorized—5,000,000 shares of \$2 par value; 3,341,624 shares issued and outstanding	6,683	6,683
Retained earnings	57,776	55,522
Accumulated other comprehensive income	5,439	(3,251)
Total shareholders' equity	69,898	58,954
Total liabilities and shareholders' equity	\$501,662	\$488,684

See accompanying notes to financial statements.

.07

ABC LIFE INSURANCE COMPANY
Statement of Income
Years Ended December 31, 20X1 and 20X0
(Amounts in thousands)

	<u>20X1</u>	<u>20X0</u>
Premiums and Other Revenues		
Premiums:		
Life and annuity premiums	\$24,833	\$24,783
Accident and health premiums	10,141	9,153
Other premiums	20	43
Contract holder fees	1,961	1,844
Net investment income	32,998	35,141
Net realized gains (losses) on investments and other	4,222	(2,670)
Total premiums and other revenues	<u>74,175</u>	<u>68,294</u>
Benefits and Other Expenses		
Policyholder benefits	39,158	30,815
Interest credited to policyholder accounts	4,363	4,156
General expenses	4,288	4,984
Amortization of deferred policy acquisition costs	1,276	1,305
Underwriting, acquisition, and insurance expenses	18,029	17,266
Policyholders' dividends	4,665	6,898
Total benefits and expenses	<u>71,779</u>	<u>65,424</u>
Income before income taxes	2,396	2,870
Income taxes:		
Current	1,547	601
Deferred	(1,405)	540
Total income taxes	<u>142</u>	<u>1,141</u>
Net income	<u>2,254</u>	<u>1,729</u>
Net income per common share	<u>.67</u>	<u>.52</u>
Dividends per common share	<u>—</u>	<u>.98</u>

See accompanying notes to financial statements.

.08

ABC LIFE INSURANCE COMPANY
Statement of Comprehensive Income (Loss)
Years Ended December 31, 20X1 and 20X0
(Amounts in thousands)

	<u>20X1</u>	<u>20X0</u>
Net income	\$ 2,254	\$ 1,729
Other comprehensive income (loss)	<u>8,690</u>	<u>(1,730)</u>
Total comprehensive income (loss)	<u><u>\$10,944</u></u>	<u><u>\$ (1)</u></u>

See Note 5 to the financial statements for information about other comprehensive income (loss).

.09

ABC LIFE INSURANCE COMPANY
Statement of Changes in Shareholders' Equity
Years Ended December 31, 20X1 and 20X0
(Amounts in thousands)

	<i>Capital Stock</i>	<i>Retained Earnings</i>	<i>Accumulated Other Comprehensive Income (Loss)</i>	<i>Total Shareholders' Equity</i>
Balance at January 1, 20X0	\$6,683	\$57,068	\$(1,521)	\$62,230
Net income for 20X0	—	1,729	—	1,729
Shareholders' dividends	—	(3,275)	—	(3,275)
Other comprehensive income (loss)	—	—	(1,730)	(1,730)
Balance at December 31, 20X0	6,683	55,522	(3,251)	58,954
Net income for 20X1	—	2,254	—	2,254
Other comprehensive income	—	—	8,690	8,690
Balance at December 31, 20X1	<u>\$6,683</u>	<u>\$57,776</u>	<u>\$ 5,439</u>	<u>\$69,898</u>

See accompanying notes to financial statements.

.10

ABC LIFE INSURANCE COMPANY
Statements of Cash Flows
Years Ended December 31, 20X1 and 20X0
(Amounts in thousands)

	20X1	20X0
Cash flows from operating activities:		
Net income	\$ 2,254	\$ 1,729
Adjustments to reconcile net income to net cash provided by operating activities:		
Interest credited to universal life policies	7,927	10,445
Accrual of discount on investments, net	(976)	(1,328)
Net realized (gains) losses on investments	(4,222)	2,670
Depreciation and amortization	3,041	3,534
Amortization of deferred policy acquisition costs	1,276	1,305
Deferred federal income taxes	(2,538)	540
Change in operating assets and liabilities: Accrued investment income	1,366	880
Capitalization of deferred policy acquisition costs	(3,783)	(6,645)
Policy liabilities	(3,440)	(16,234)
Other items, net	(644)	3,269
Net cash provided by operating activities	<u>261</u>	<u>165</u>
Cash flows from investing activities:		
Cost of investments purchased:		
Fixed maturities and equity securities	(228,053)	(122,495)
Mortgage loans and real estate	(921)	—
Proceeds from investments sold, redeemed, or matured:		
Fixed maturities and equity securities	206,051	95,177
Mortgage loans and real estate	27,970	18,621
Policy loans, net	2,320	6,468
Short-term investments, net	409	15,446
Net cash provided by investing activities	<u>7,776</u>	<u>13,217</u>
Cash flows from financing activities:		
Dividends to shareholders	—	(3,275)
Receipts from universal life policies credited to contract holder account balances	7,918	8,365
Return of contract holder account balances on universal life policies	(4,165)	(3,718)
Withdrawals from interest-sensitive contracts	(9,848)	(13,046)
Cash used in financing activities	<u>(6,095)</u>	<u>(11,674)</u>
Net increase in cash and cash equivalents	1,942	1,708
Cash and cash equivalents, beginning of year	3,343	1,635
Cash and cash equivalents, end of year	<u>\$ 5,285</u>	<u>\$ 3,343</u>
Supplemental cash flow information:		
Income taxes paid	<u>\$ 1,205</u>	<u>\$ 785</u>

See accompanying notes to financial statements.

.11

ABC LIFE INSURANCE COMPANY
Notes to Financial Statements
Years Ended December 31, 20X1 and 20X0

1. Organization and Significant Accounting Policies

Organization. ABC Life Insurance Company (ABC or the company) is a stock life insurance company incorporated in the state of ABC that offers individual life, disability income, long-term care, annuity, and investment products. ABC does business in the continental United States, with a concentration in New York, New Jersey, and Connecticut.

Basis of presentation. The significant accounting policies followed by ABC that materially affect financial reporting are summarized as follows. The accompanying financial statements have been prepared in accordance with GAAP that differ from statutory accounting practices (SAP) used for regulatory authorities. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments. Fixed maturity securities available for sale consist of bonds, notes, and redeemable and nonredeemable preferred stock not classified as either trading or held to maturity, and are reported at estimated fair value. Unrealized holding gains and losses, net of tax, on available-for-sale securities are reported as a net amount in other comprehensive income. Deferred policy acquisition cost offsets for universal life type contracts and amounts attributable to certain participating contracts are recorded as a separate component of accumulated other comprehensive income. Fixed maturity securities held to maturity consist of bonds, notes, redeemable and nonredeemable preferred stock which the insurance company has the intent and ability to hold to maturity, and are reported at amortized cost and adjusted for amortization of premium or discount. Declines in fair value of individual held-to-maturity and available-for-sale securities below their cost that are other than temporary have resulted in write-downs of the individual securities to their fair value. The related write-downs have been included in earnings as realized losses. Trading account securities consist of bonds, notes, and redeemable and nonredeemable preferred stock, and common stock held principally for resale in the near term, and are recorded at their estimated fair values. Realized and unrealized gains and losses on trading account securities are included in other income.

Mortgage loans on real estate are carried at unpaid balances and are adjusted for amortization of premium or discount, less allowance for losses. Real estate held for sale is carried at the lower of depreciated cost or fair value less estimated selling costs. Real estate classified as held-for-sale is no longer depreciated. Real estate, including real estate acquired in satisfaction of debt, is carried at depreciated cost. Impaired real estate is written down to fair value with the impairment loss being included in net realized gains (losses) on investments and other. Upon foreclosure (including in-substance foreclosure), the carrying value of the property is recorded at the lower of cost or fair value (less selling costs if to be sold), which becomes its new cost basis. The estimated fair value for real estate is determined based upon independent appraisals and other available information about the property, which may take into consideration a number of factors, including (i) discounted cash flows, (ii) sales of comparable properties, (iii) geographic location of property and related market conditions, and (iv) disposition costs.

Foreclosed properties are actively managed by the company in order to maximize their value. Subsequent to foreclosure, the carrying value of the property is periodically evaluated and a valuation allowance is established, if necessary, to reflect any additional amounts considered unrecoverable upon sale. At the time of the sale, the difference between the sales price and the carrying value is recorded as a realized gain or loss. Policy loans are carried at unpaid balances. Short-term investments are stated at amortized cost, which approximates fair value.

Provisions for impairments of securities classified as held to maturity are included in net realized gains (losses) on investments and other. Realized gains and losses are determined by specific identification.

Cash and cash equivalents. Cash equivalents are carried at cost, which approximates fair value. Cash equivalents are highly liquid financial instruments with an original maturity of three months or less.

Deferred policy acquisition costs. Commissions and other costs of acquiring traditional life insurance, universal life insurance and investment products, and accident and health insurance, that vary with and are primarily related to the production of new and renewal business, have been deferred. Traditional life insurance and accident and health insurance acquisition costs are being amortized over the premium-paying period of the related policies using assumptions consistent with those used in computing future policy benefit liabilities. For universal life-type contracts and investment contracts that include significant surrender charges or that yield significant revenues from sources other than the investment of contract holders' funds, the deferred contract acquisition cost amortization is matched to the recognition of gross profit.

Otherwise, deferred policy acquisition costs on investment contracts are amortized using an accounting method that recognizes acquisition costs as expenses at a constant rate applied to net policy liabilities. The effect on the deferred acquisition costs (DAC) asset that would result from realization of unrealized gains (losses) is recognized with an offset to accumulated other comprehensive income in consolidated shareholders' equity as of the balance sheet date.

FASB ASC 944-30 provides guidance on accounting by insurance enterprises for DAC on internal replacements of insurance and investment contracts. The FASB ASC glossary defines *internal replacement* as a modification in product benefits, features, rights, or coverages that occurs by a contract exchange; by amendment, endorsement, or rider to a contract; or by the election of a benefit, feature, right, or coverage within the contract.

If an internal replacement modification substantially changes a contract, then the DAC is written off immediately through income and any new deferrable costs associated with the new replacement are deferred. If a contract modification does not substantially change the contract, the DAC amortization on the original contract will continue and any acquisition costs associated with the related modification are immediately expensed.

Adoption of FASB ASC 944-30 resulted in a reduction to DAC and value of business acquired on January 1, 2007, and an acceleration of the amortization period relating primarily to the company's group life and health insurance contracts that contain certain rate reset provisions. Prior to the adoption of FASB ASC 944-30, DAC on such contracts was amortized over the expected renewable life of the contract. Upon adoption of FASB ASC 944-30, DAC on such contracts is to be amortized over the rate reset period. The impact as of January 1, 2007, was a cumulative effect adjustment of \$XXX,XXX net of income tax of \$XXX,XXX, which was recorded as a reduction to retained earnings.

Deferred sales inducements. Costs related to sales inducements offered on sales to new customers, principally on investment contracts and primarily in the form of additional credits to the customer's account value or enhancements to interest credited for a specified period, which are beyond amounts currently being credited to existing contracts, are deferred and recorded as other assets. All other sales inducements are expensed as incurred and included in interest credited to contract holders' funds. Deferred sales inducements are amortized to income using the same methodology and assumptions as DAC, and are included in interest credited to contract holders' funds. Deferred sales inducements are periodically reviewed for recoverability and written down when necessary.

Property and equipment. Property and equipment are reported at cost, net of accumulated depreciation of \$501,000 and \$420,000 in 20X1 and 20X0, respectively. Property and equipment are depreciated using the straight line method over their estimated useful lives.

Future policy benefits and expenses. The liabilities for traditional life insurance and accident and health insurance contract benefits and expenses are computed using a net level premium method including assumptions about investment yields, mortality, withdrawals, and other assumptions based on ABC's experience modified as necessary to reflect anticipated trends and to include provisions for possible

unfavorable deviations. Liability interest assumptions are graded and range from 3 percent to 10 percent. Benefit liabilities for traditional life insurance contracts include certain deferred profits on limited-payment policies that are being recognized in income over the contract term. Contract benefit claims are charged to expense in the period that the claims are incurred.

The accrued account balance for nontraditional life insurance and investment contracts is computed as deposits net of withdrawals made by the contract holder, plus amounts credited based on contract specifications, less contract fees and charges assessed, plus any additional interest. Interest crediting rates for universal life and investment products range from 5.50 percent to 9.25 percent.

Included in contract holders' account balances is a provision for contract holder dividends. Benefit liabilities for contract holders' account balances are computed under a retrospective deposit method and represent contract account balances before applicable surrender charges. Contract benefits and claims that are charged to expense include benefit claims incurred in the period in excess of related contract account balances. Interest crediting rates for universal life and investment products range from 5.50 percent to 9.25 percent. Benefits and expenses are charged against the account balance to recognize costs as incurred over the estimated lives of the contracts. Expenses include interest credited to contract account balances and benefits paid in excess of contract account balances.

Minimum guarantees. The company issues variable annuity contracts through separate accounts where the company contractually guarantees to the contract holder total deposits made to the contract less any partial withdrawals plus a minimum return. This guarantee includes benefits that are payable in the event of death, annuitization, or at specified dates during the accumulation period.

Accounting policy for health liabilities. Unpaid claims on accident and health policies represent the estimated liability for benefit expenses both reported but not paid and incurred but not reported to ABC through December 31. ABC does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using individual case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liabilities for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Income taxes. Federal income taxes are charged or credited to operations based upon amounts estimated to be payable or recoverable as a result of taxable operations for the current year. Deferred income taxes have been provided for temporary differences between the tax basis of assets and liabilities calculated using the criteria of FASB ASC 740, *Income Taxes*, and their reported amounts in the financial statements using enacted income tax rates and laws. The Company recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company did not have any accrued and recognized interest or penalties associated with unrecognized tax benefits for the years ending December 31, 20X1 and 20X0.²

Reinsurance. In the normal course of business, the company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to other insurance entities or reinsurers under excess coverage and coinsurance contracts. The company retains a maximum of \$400,000 of coverage per individual life. Amounts paid or deemed to have been paid for reinsurance contracts are recorded as reinsurance receivable.

Insurance premium revenues. Traditional life premiums, which include those products with fixed and guaranteed premiums and benefits and consist principally of whole life insurance contracts, limited-payment life insurance contracts, and certain annuities with life contingencies, are generally recognized as revenue when due. Revenues on universal life and investment-type contracts consist of contract charges against contract holders' funds for the cost of insurance, administration, surrender charges, actuarial margin, and other fees. Accident and health insurance premiums are recognized as revenue pro rata over the terms of the contracts.

² Because these standards are not insurance industry specific, transition and adoption specifics are excluded.

Separate accounts. Separate account assets and liabilities generally represent funds maintained in accounts to meet specific investment objectives of contract holders who bear the investment risk. Investment income and investment gains and losses accrue directly to such contract holders. The assets supporting the variable portion of both traditional variable annuities and variable contracts with guarantees are carried at fair value and reported as summary total separate account assets with an equivalent summary total reported for liabilities. Amounts assessed against the contract holders for mortality, administrative, and other services are included in revenue and changes in liabilities for minimum guarantees are included in policyholder benefits in the statement of operations. Separate account net investment income, net investment gains and losses, and the related liability changes are offset within the same line item in the statement of operations.

Business risks and uncertainties. The development of liabilities for future policy benefits for the company's products requires management to make estimates and assumptions regarding mortality, morbidity, lapse, expense, and investment experience. Such estimates are primarily based on historical experience and future expectations of mortality, morbidity, expense, persistency, and investment assumptions. Actual results could differ materially from those estimates. Management monitors actual experience and, if circumstances warrant, revises its assumptions and the related future policy benefit estimates.

The company's investments are primarily comprised of fixed maturity securities, equity securities, real estate, and mortgage loans. Significant changes in prevailing interest rates and geographic conditions may adversely affect the timing and amount of cash flows on such investments and their related values. In addition, the value of these investments is often derived from an appraisal, an estimate or opinion of value. A significant decline in the fair value of these investments could have an adverse effect on the company's balance sheet.

The company regularly invests in mortgaged backed securities (MBS) and other securities subject to prepayment and call risk. Significant changes in prevailing interest rates may adversely affect the timing and amount of cash flows on such securities. In addition, the amortization of market premium and accretion of market discount for MBS is based on historical experience and estimates of future payment speeds on the underlying mortgage loans. Actual prepayment speeds will differ from original estimates and may result in material adjustments to amortization or accretion recorded in future periods.

Codification. The NAIC revised the *Accounting Practices and Procedures Manual* in a process referred to as codification. Codification became effective on January 1, 2001. The company's state of domicile has adopted the provisions of the revised manual effective January 1, 2001. The revised manual has changed to some extent, prescribed SAP, and has resulted in changes to the company's statutory-basis financial statements. The cumulative effect of changes in accounting principles adopted to conform to the revised *Accounting Practices and Procedures Manual* of \$XXX,XXX has been reported as an adjustment to increase (decrease) surplus in the company's statutory-basis financial statements as of January 1, 2001.

Guaranty funds. Guaranty fund (and other) assessments are accrued at the time the events occur on which assessments are expected to be based.

2. Earnings Per Common Share

Basic and diluted earnings per common share are as follows.

<i>(Thousands, except per common share data)</i>	<i>Income (Numerator)</i>	<i>Shares (Denominator)</i>	<i>Per Common Share Amount</i>
20X1			
Net income	2,254		
Income applicable to common ownership	2,254	3,342	.67
20X0			
Net income	1,729		
Income applicable to common ownership	1,729	3,342	.52

3. Investments

In reporting disclosures about investments in securities, entities should comply with the requirements of FASB ASC 320, *Investments—Debt and Equity Securities*.

4. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Short-term investments. For those short-term instruments amortized cost is a reasonable estimate of fair value.

Investment securities and trading account assets. For securities held for trading purposes and marketable equity securities held for investment purposes, fair values are based on quoted market prices or dealer quotes. For other securities held as investments, fair value equals quoted market price, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Mortgage loans on real estate and policy loans. The fair value of mortgage loans on real estate is estimated using discounted cash flows. The fair value of policy loans is estimated by discounting the future cash flows using reasonable assumptions for mortality and repayments and using the current rates at which similar loans would be made to contract holders with similar credit ratings and the same remaining maturities.

The estimated fair values of ABC's mortgage loans on real estate and policy loans are as follows.

	20X1		20X0	
	(Amounts in thousands)			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mortgage loans on real estate	\$79,258	\$83,506	\$106,692	\$112,027
Policy loans	43,549	60,000	51,013	59,000

5. Accumulated Other Comprehensive Income

Accumulated other comprehensive income (loss) represents cumulative gains and losses on items that are not reflected in earnings. The balances and activity for the years 20X1 and 20X0 are as follows.

	20X1	20X0
	(Amounts in thousands)	
Changes in net unrealized gains (losses) on investment securities:		
Net unrealized gains (losses) arising during the period	\$13,324	\$(1,873)
Reclassification adjustment for gains (losses) included in net earnings	46	(300)
Changes in net unrealized gains (losses) on investment securities	13,370	(2,173)
Adjustments for:		
Policyholder liabilities, deferred acquisition costs and deferred federal income taxes	(4,680)	443
Total other comprehensive income (loss)	\$ 8,690	\$(1,730)

6. Income Taxes

Significant components for income tax expense attributable to continuing operations are as follows.

	<u>20X1</u>	<u>20X0</u>
	<i>(Amounts in thousands)</i>	
Current income tax expense	\$1,547	\$601
Deferred income tax (benefit) expense	<u>(1,405)</u>	<u>540</u>
Total income tax expense	<u><u>\$142</u></u>	<u><u>\$1,141</u></u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the company's deferred tax liabilities and assets are as follows.

	<u>December 31, 20X1</u>	<u>December 31, 20X0</u>
	<i>(Amounts in thousands)</i>	
Deferred tax liabilities:		
Deferred policy acquisition costs	\$13,131	\$12,297
Future policy benefits	—	512
Accrual of discount on bonds	924	1,982
Other	<u>3,641</u>	<u>1,024</u>
Total deferred tax liabilities	<u>17,696</u>	<u>15,815</u>
Deferred tax assets:		
Policyholder dividends	8,067	8,224
Future policy benefits	851	—
Deferred policy acquisition costs	2,078	1,561
Investment valuation allowance	1,087	1,651
Retirement plan accruals	1,917	497
Tax credits and loss carryforwards	1,820	1,945
Investment income differences	574	556
Other	<u>406</u>	<u>354</u>
Total deferred tax assets	<u>16,800</u>	<u>14,788</u>
Valuation allowance for deferred tax assets	<u>(516)</u>	<u>—</u>
Net deferred tax assets	<u>16,284</u>	<u>14,788</u>
Net deferred tax liabilities	<u><u>\$ 1,412</u></u>	<u><u>\$ 1,027</u></u>

A valuation allowance has been established due to the uncertainty of realized certain tax credits and loss carryforwards, and a portion of other deferred tax assets.

A reconciliation of federal income tax expense as presented in the financial statements and income taxes calculated using the statutory corporate tax rate follows.

	<u>20X1</u>	<u>20X0</u>
	<i>(Amounts in thousands)</i>	
Income from operations	<u>\$2,396</u>	<u>\$2,870</u>
Application of income tax rate	838	1,005
Small company deduction for life insurance companies	(556)	(496)
		<i>(continued)</i>

	20X1	20X0
	<i>(Amounts in thousands)</i>	
Policyholders' share of income (loss) in excess of (less than) dividends paid	(264)	752
Dividend received deduction	(3)	(50)
Other	127	(70)
Total tax expense	<u>\$ 142</u>	<u>\$1,141</u>

Reconciliation of Unrecognized Tax Benefits

	20X1	20X0
	<i>(Amounts in thousands)</i>	
Beginning Balance	\$XXX	\$XXX
Prior period position increases	XXX	XXX
Prior period position decreases	(XXX)	(XXX)
Current period position increases	XXX	XXX
Current period position decreases	(XXX)	(XXX)
Decreases relating to settlements with taxing authorities	(XXX)	(XXX)
Reductions due to a lapse of applicable statute of limitations	(XXX)	(XXX)
Ending balance	XXX	XXX

None of the aforementioned unrecognized tax benefits, if recognized, would affect the effective tax rate. Additionally, no tax positions exist for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of December 31, 20X1. No interest or penalties were recognized in the statement of operations or the statement of financial position for the years ending December 31, 20X1 and 20X0. Tax years that remain subject to examination by major tax jurisdictions include the years ending December 31, 19X8–20X1.

7. Financial Instruments With Off-Balance Sheet Risk and Concentration of Credit Risk

At December 31, 20X1, ABC held unrated or less-than-investment grade corporate debt securities of \$8,000,000, net of allowance for losses, with an aggregate market value of \$7,500,000. Those holdings amounted to 4 percent of ABC's corporate debt securities investments and less than 2 percent of total assets. The holdings of less-than-investment grade securities are widely diversified and of satisfactory quality based on ABC's investment policies and credit standards. ABC also invests in mortgage loans principally involving commercial real estate. At December 31, 20X1, 3 percent of such mortgages (\$2,000,000) involved properties located in California and Arizona. Such investments consist of first mortgage liens on completed income-producing properties, and mortgages on individual properties do not exceed \$300,000.

8. Liability for Unpaid Claims

The liability for unpaid claims and claim adjustment expenses is based on the estimated amount payable on claims reported prior to the balance sheet date that have not yet been settled, claims reported subsequent to the balance sheet date that have been incurred during the period then ended, and an estimate (based on prior experience) of incurred but unreported claims relating to such period.

Activity in the liability for unpaid claims and claim adjustment expenses for the company's health and disability coverages is summarized as follows.

	20X1	20X0
	<i>(Amounts in thousands)</i>	
Balance, beginning of year	\$ 4,737	\$ 7,669
Less: reinsurance recoverables	296	1,018
Net balance, beginning of year	4,441	6,651
Amount incurred, related to prior years	\$ (297)	\$ 313
Current year	26,197	25,671
Total	25,900	25,984
Amount paid, related to prior years	6,923	8,937
Current year	18,303	19,257
Total	25,226	28,194
Net balance, end of year	5,115	4,441
Plus: reinsurance recoverables	303	296
Balance, end of year	\$ 5,418	\$ 4,737

As a result of changes in estimates of insured events in prior years, the provision of claims and claim adjustment expenses (net of reinsurance recoveries of \$(7,000) and \$722,000 in 20X1 and 20X0, respectively) decreased by \$297,000 in 20X1 reflecting lower-than-anticipated losses on _____, and increased by \$313,000 in 20X0 reflecting higher-than-anticipated losses and related expenses for claims for _____.

9. Minimum Guarantees

The following summarizes the liabilities for guarantees on variable contracts reflected in the general account.

	Minimum Guaranteed Death Benefit (MGDB)	Guaranteed Minimum Accumulation Benefit (GMAB)	Guaranteed Minimum Income Benefit (GMIB)	Totals
Balance at January 1	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX	\$X,XXX,XXX
Incurred guarantee benefits ³	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Paid guarantee benefits	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX	X,XXX,XXX
Balance at December 31, 20XX ⁴	\$X,XXX,XX	\$X,XXX,XX	\$X,XXX,XX	\$X,XXX,XX

The minimum guaranteed death benefit (MGDB) liability is established equal to a benefit ratio multiplied by the cumulative contract charges earned, plus accrued interest less contract benefit payments. The benefit ratio is calculated as the estimated present value of all expected contract benefits divided by the present value of all expected contract charges. The company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised.

³ For guaranteed minimum accumulation benefits, incurred guarantee benefits incorporates all changes in fair value other than amounts resulting from paid guarantee benefits.

⁴ Included in the total reserve balance are reserves for variable annuity death benefits of \$XXX,XXX, variable annuity income benefits of \$XXX,XXX and other guarantees of \$XXX,XXX.

The following assumptions and methodology were used to determine the MGDB liability at December 31, 20XX:

- Data used was 1,000 stochastically generated investment performance scenarios.
- Mean investment performance assumption was XX.
- Volatility assumption was XX.
- Mortality was assumed to be 90 percent of the Annuity 2000 table.
- Lapse rates vary by contract type and duration and range from 1 percent to 20 percent, with an average of 3 percent.
- Discount rate was XX percent.

Guaranteed minimum accumulation benefits are considered to be derivatives under FASB ASC 815, *Derivatives and Hedging*, and are recognized at fair value through earnings.

The guaranteed minimum income benefit (GMIB) liability is established equal to a benefit ratio multiplied by the cumulative contract charges earned, plus accrued interest less contract benefit payments. The benefit ratio is calculated as the estimated present value of all expected contract benefits divided by the present value of all expected contract charges. The company regularly evaluates estimates used and adjusts the additional liability balance, with a related charge or credit to benefit expense, if actual experience or other evidence suggests that earlier assumptions should be revised. The assumptions used for calculating the GMIB liability at December 31, 20XX, are consistent with those used for calculating the MGDB liability. Underlying assumptions for the liability related to income benefits include assumed future annuitization elections based on factors such as the extent of benefit to the potential annuitant, eligibility conditions and the annuitant's attained age. In addition, the calculation of the GMIB liability assumes X percent of the potential annuitizations that would be beneficial to the contract holder will be elected.

10. Reinsurance

The company utilizes indemnity reinsurance agreements to reduce its exposure to large losses in all aspects of its insurance business. Such reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the company as direct insurer of the risks reinsured. The company evaluates the financial strength of potential reinsurers and continually monitors the financial condition of reinsurers. The following tables include premium amounts ceded or assumed to or from other companies.

	<u>Direct Amount</u>	<u>Ceded to Other Companies</u>	<u>Assumed from Other Companies</u>	<u>Net Amount</u>
	<i>(Amounts in thousands)</i>			
<u>20X1</u>				
Premiums:				
Life insurance	\$2,090	\$560	\$3,330	\$4,860
Accident and health	1,440	1,290	—	150
Annuities	3,130	—	70	3,200
Total earned premiums	<u>\$6,660</u>	<u>\$1,850</u>	<u>\$3,400</u>	<u>\$8,210</u>
<u>20X0</u>				
Premiums:				
Life insurance	\$2,080	\$520	\$3,680	\$5,240
Accident and health	1,510	1,370	—	140
Annuities	1,840	—	30	1,870
Total earned premiums	<u>\$5,430</u>	<u>\$1,890</u>	<u>\$3,710</u>	<u>\$7,250</u>

11. Separate Accounts

At December 31, 20X0 and 20X1, the company had the following variable contracts with guarantees. The company's variable annuity contracts may offer more than one type of guarantee in each contract; therefore, the sum of amounts listed exceeds the total account balances of variable annuity contracts' separate accounts with guarantees.

Return of net deposits plus a minimum return:

In the event of death

Account value	\$XXX	\$XXX
Net amount at risk ⁵	\$XXX	\$XXX
Average attained age of contract holders	XX	XX
Range of guaranteed minimum return rates	X–X%	X–X%

At annuitization

Account value	\$XXX	\$XXX
Net amount at risk ⁶	\$XXX	\$XXX
Weighted average period remaining until expected annuitization	XX	XX
Range of guaranteed minimum return rates	X–X%	X–X%

Accumulation at specified date

Account value	\$XXX	\$XXX
Net amount at risk ⁷	\$XXX	\$XXX
Range of guaranteed minimum return rates	X–X%	X–X%

Account balances of contracts with guarantees were invested in variable separate accounts as follows:

<i>Asset Type</i>	<i>December 31, 20X0</i>	<i>December 31, 20X1</i>
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$	\$
Obligations of states of the United States and political subdivisions of the states		
Corporate debt securities:		
—Investment grade		
—Noninvestment grade		
Foreign debt securities		
Mortgage-backed securities		

(continued)

⁵ Defined as the current guaranteed minimum death benefit in excess of the current account balance at the balance sheet date.

⁶ Defined as the present value of the minimum guaranteed annuity payments determined in accordance with the terms of the contract in excess of the current account balance.

⁷ Defined as the present value of the guaranteed minimum accumulation balance in excess of the current account balance.

Equity securities (including mutual funds) ⁸		
Real estate		
Mortgage loans		
Derivative financial instruments		
Cash and cash equivalents		
Total	\$X,XXX,XXX	\$X,XXX,XXX

Assets transferred from the general account to the separate accounts are recognized at fair value to the extent of third party contract holders' proportionate interest in separate accounts when the arrangement meets applicable criteria (FASB ASC 944-80-35-3). The gains recognized assets transferred to the separate accounts during 20X1 and 20X0 were XX,XXX and XX,XXX, respectively.

12. Guaranty Fund Assessments

At December 31, 20X1 and 20X0, ABC has recorded \$45,000 and \$67,000, respectively, in liabilities related to guaranty fund (and other) assessments which are included in other liabilities in the balance sheet. At December 31, 20X1 and 20X0, the carried liability was reduced by recoverables for related premium tax offsets and policy surcharges in the amount of \$25,000 and \$35,000, respectively. The period over which the assessments are expected to be paid and the recorded premium tax offsets and policy surcharges are expected to be realized is up to five and four years, respectively.

13. Statutory Financial Information

Under the law of ABC state, the state of incorporation, the maximum dividend that may be paid (without prior approval of the ABC state insurance department), in any 12 month period is the greater of (a) net investment income for the preceding calendar year or (b) 10 percent of contract holders' surplus at the end of the preceding calendar year. In general, net investment income for dividend purposes is interpreted by the insurance department to be the statutory pretax net investment income including net realized capital losses but excluding net realized capital gains. The maximum permissible amount of dividends for 20X3, based on statutory net investment income for 20X1, is \$20,000.

The company, which is domiciled in ABC state, prepares its statutory financial statements in accordance with accounting principles and practices prescribed or permitted by the ABC state insurance department, which (state of domicile) recognizes for determining solvency under the (state of domicile) insurance law. The commissioner of the state of domicile insurance department has the right to permit other practices that may deviate from prescribed practices. Prescribed SAP are those practices that are incorporated directly or by reference in state laws, regulations, and general administrative rules applicable to all insurance enterprises domiciled in (state of domicile). Permitted SAP encompass all accounting practices that are not prescribed; such practices differ from state to state, may differ from company to company within a state, and may change in the future.

Note: Although the following reconciliation to statutory financial information is not required to be disclosed in financial statements prepared in conformity with GAAP, insurance entities sometimes include such disclosures to facilitate use of those financial statements for purposes of filing with state

⁸ The insurance enterprise may want to consider disclosing mutual funds by investment objective or other meaningful groupings that are useful in understanding the nature of the guarantee risk.

regulatory authorities. The second disclosure on variances from NAIC SAP (defined as follows) and permitted accounting practices is required under FASB ASC 944-505-50.

The following reconciles ABC's statutory net income and statutory surplus and capital stock determined in accordance with accounting practices prescribed or permitted by the insurance department of Connecticut with net earnings (loss) and equity on a GAAP basis.

	20X1	20X0
	<i>(Amounts in thousands)</i>	
Statutory net income	\$ 3,572	\$ 2,719
Adjustments:		
Future policy benefits and policyholders' account balances	572	894
Deferred policy acquisition costs	60	40
Deferred federal income tax (expense) benefit	(1,405)	540
Valuation of investments	115	270
Postretirement benefits	272	354
Other, net	(932)	(3,088)
GAAP net income	<u>\$ 2,254</u>	<u>\$ 1,729</u>
Statutory surplus and capital stock	\$65,388	\$54,505
Adjustments:		
Asset valuation reserves	(1,054)	(1,972)
Statutory surplus, capital stock and asset valuation reserves	(875)	(967)
Fixed income securities	(29,472)	(27,905)
Future policy benefits and policyholders' account balances	115	270
Deferred federal income taxes	(1,412)	(1,027)
Valuation of investments	772	891
Deferred policy acquisition costs	38,936	36,429
Postretirement benefits	(2,272)	(2,354)
Other, net	(228)	1,084
GAAP equity	<u>\$69,898</u>	<u>\$58,954</u>

The company's statutory financial statements are presented on the basis of accounting practices prescribed or permitted by the [state of domicile] insurance department. [State of domicile] has adopted the NAIC *Accounting Practices and Procedures Manual* as the basis of its SAP, except that it has retained the prescribed practice of writing off goodwill immediately to statutory surplus in the year of acquisition.

In addition, the commissioner of [state of domicile] insurance department has the right to permit other specific practices that may deviate from prescribed practices. The commissioner has permitted the company to record its home office property at estimated fair value instead of at depreciated cost, as required by NAIC SAP. This accounting practice increased statutory capital and surplus by \$X million and \$X million at December 31, 20X1 and 20X0, respectively, over what it would have been had the permitted practice not been allowed. The company's statutory capital and surplus, including the effects of the permitted practice, was \$X million and \$X million at December 31, 20X1 and 20X0, respectively.

Had the company amortized its goodwill over ten years and recorded its home office property at depreciated cost, in accordance with NAIC SAP, the company's capital and surplus would have been \$X million and \$X million at December 31, 20X1 and 20X0, respectively.

14. Commitments and Contingencies

Future minimum rental payments, principally for administrative offices, under noncancellable operating leases at December 31, 20X1, are as follows: 20X2, \$1,113,000; 20X3, \$1,064,000; 20X4, \$1,011,000; 20X5, \$976,000; 20X6, \$976,000; and \$3,906,000 thereafter. Rental expense was \$1,164,000 in 20X1 and \$1,184,000 in 20X0.

ABC is named as defendant in a number of legal actions arising primarily from claims made under insurance contracts or in connection with previous reinsurance agreements. These actions have been considered in establishing its contract benefit liability. Management and its legal counsel are of the opinion that the settlement of these actions will not have a material effect on ABC's financial position or results of operations.

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